

Senate Hearings

Before the Committee on Appropriations

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Foreign Operations, Export Financing, and Related Programs Appropriations

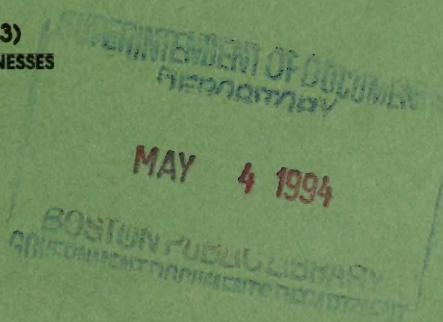
Fiscal Year 1994

103^d CONGRESS, FIRST SESSION

H.R. 2295

PART 1 (Pages 1-613)

NONDEPARTMENTAL WITNESSES



FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS FOR FISCAL YEAR 1994

HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ON

H.R. 2295

AN ACT MAKING APPROPRIATIONS FOR FOREIGN OPERATIONS, EXPORT
FINANCING, AND RELATED PROGRAMS FOR THE FISCAL YEAR END-
ING SEPTEMBER 30, 1994, AND FOR OTHER PURPOSES

Part 1 (Pages 1-613)

Nondepartmental witnesses

Printed for the use of the Committee on Appropriations



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STATEMENTS OF MEMBERS OF THE HOUSE OF REPRESENTATIVES

Chairman LLOYD M. BENTLEY. I thank all of you for being here, and I apologize that it is so crowded a room as it is. We have 45 witnesses providing testimony on issues ranging from the environment to our military and foreign relations. I have changed slightly the opening time for afternoon testimony from 1:00 p.m. to 1:15 p.m. before the Senate.

I would note on the schedule the starting and stopping time. We will have to keep us tight. Of course, your whole statement will be put in the record. I do not want to cut any of anybody's time, but by the last time we will be able to do it this way. But I may hear that the time—and I would ask your cooperation—because we will stop at the time shown, both in the morning and the afternoon, and everybody who is not heard, unfortunately, will have their statement put in the record. So I do not want you to feel any pressure. And all the people sitting behind you, but we will do about.

Today, we start with Mr. Rick Brown from the Environmental Defense Fund.

SUMMARY STATEMENT OF RICK BROWN

Mr. BROWN. Thank you, Mr. Chairman, for the opportunity to appear here today before the Subcommittee on Foreign Operations. I am testifying on behalf of three national environmental organizations, the Environmental Defense Fund, the National Wildlife Federation, and the Sierra Club. Together, these organizations have more than 5.7 million members and supporters across the

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS FOR FISCAL YEAR 1994

TUESDAY, JUNE 15, 1993

**U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.**

The subcommittee met at 10:07 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Patrick J. Leahy (chairman) presiding.

Present: Senators Leahy, DeConcini, and Feinstein.

NONDEPARTMENTAL WITNESSES

STATEMENT OF BRUCE RICH, ON BEHALF OF THE ENVIRONMENTAL DEFENSE FUND

OPENING REMARKS OF SENATOR LEAHY

Senator LEAHY. Good morning. I thank all of you for being here, and I am sorry that it is as crowded a time as it is. We have 46 witnesses scheduled today on issues ranging from the environment to our Military Aid Program. Because of the schedule, I have changed slightly the starting time this afternoon so that it will accommodate a vote before the Senate.

I would note on the schedules the starting and stopping time. We will have to keep to that. Of course, your whole statements will be put in the record. I do not want to cut you off because this may be the last time we will be able to do it this way. But I only mention the time—and I would ask your cooperation—because we will stop at the time shown, both in the morning and the afternoon, and anybody who is not heard, unfortunately, will have their statement put in the record. So I do not want you to feel any pressure from all the people sitting behind you, but we will go ahead.

Today, we start with Mr. Rich, Bruce Rich from the Environmental Defense Fund.

SUMMARY STATEMENT OF BRUCE RICH

Mr. RICH. Thank you, Mr. Chairman, for the opportunity to appear here today before the Subcommittee on Foreign Operations. I am testifying on behalf of three national environmental organizations, the Environmental Defense Fund, the National Wildlife Federation, and the Sierra Club. Together, these organizations have more than 5.7 million members and supporters nationwide.

On behalf of our organizations, first of all, I would like to thank you very much, Mr. Chairman and the members of the subcommittee, for the leadership role that you have shown over the years in promoting environmental and social concerns in our multilateral and bilateral assistance, and most recently for your letter of June 7, 1993, to the President of the World Bank calling for a creation of an independent review or appeals commission to look at controversial projects and for a more open information policy. Those, of course, are recommendations that we have endorsed also.

Mr. Chairman, you stated on April 27 that you had to wonder whether the World Bank could be trusted to use the public's money wisely and effectively. We have asked ourselves that question, too. We have seen over the past year alarming evidence of the World Bank's lack of the most basic accountability and sense of responsibility for the environmental and social impacts of its projects. We have concluded that it would be environmentally, socially, and economically irresponsible to continue to appropriate funds for the IBRD or IDA without some evidence of far reaching reforms in the way the bank does business.

Senator LEAHY. Have you seen any evidence of that so far?

Mr. RICH. Well, very little. In fact, over the past year, I have to say we have seen evidence of a real regression. And I think it is the environmental problems, they are just a leading indicator of more systematic mismanagement or lack of management. It is just an indicator of really grave problems that the place is just not totally under control.

But we do recognize that the new administration sees the need for reforms, and that alternatives to help Africa's macroeconomic crisis have to be found before cutting IDA's support for African economies.

So what we are recommending is that for the coming fiscal year that the Congress should appropriate enough IDA funds to continue to support Africa, but there should be requirements for comprehensive reports by the Treasury on the progress the Bank makes in instituting a number of fundamental reforms that we discuss in more detail in our statement.

We think that some cuts should be made in the IBRD at the very least to send some sort of a message. You, Mr. Chairman, 2 years ago, wrote the Secretary of the Treasury setting down benchmarks in certain key areas such as energy efficiency, treatment of forcibly resettled populations, forestry protection, environmental assessment, and so on, and indicated that by mid-1993 if there were not major improvements it would be appropriate to start cutting IBRD appropriations. Frankly, we think that the record has been overall just abominable and in some ways a regression. And we think that would be called for at the very least.

We do not have much time. I would like to cite just two examples among many which are discussed in my statement, Brent's statement, and together with other information we have produced, of how great this regression is at the Bank. I think the most important indication is the Bank's response to the "Wapenhans" report, which is one of the reports that you cited in your statement April 27.

That report was prepared internally in the Bank. It looked at the entire \$140 billion outstanding loan portfolio of the Bank. It concluded, one, that over the past decade the number of unsatisfactory projects has increased to 37.5 percent from 15 percent; two, that nearly four-fifths of the financial conditions in World Bank loan agreements, 78 percent, are not being complied with; three, that Bank staff have very little faith in the entire economic appraisal process and project preparation process—I quote:

* * * that according to an internal staff survey only 17 percent of Bank staff interviewed felt that analytical work during project preparation was compatible with the achievement of project quality.

And the report cites a pervasive culture of approval for loans.

Well, what has been the response? Twofold. One, earlier this year, the Bank management issued directives calling for a weakening of the Bank's policies, which are going to be reissued in more general, less binding form, changed from operational directives to operational policies.

Second, a document called "Next Steps" was prepared. Next steps took nearly 1 year to prepare, and it was so bad that the executive directors sent it back for major revisions. The U.S. Director of the Bank, in a board meeting in May, said the expected actions are not concrete to be monitorable, and that people hostile to the Bank would view them quite simply as not a serious response to these problems.

Well, that is the record. On the other hand we have seen——
Senator LEAHY. You are on Mr. Blackwelder's time.

PREPARED STATEMENT

Mr. RICH. OK. Well, let me finish then and thank you again. And in addition, we have called for alternatives supporting the Inter-American Foundation, Appropriate Technology International, the African Development Foundation, small scale foreign aid organizations that the Government supports that really do reach the poor, and in terms of Africa, calling for a reexamination of major debt relief for Africa. Endorsing the Trinidad terms, for example, would do a lot to relieve the macroeconomic pressures on the impoverished African Nations.

Thank you, very much.

Senator LEAHY. Thank you.

[The statement follows:]

STATEMENT OF BRUCE M. RICH

I. Introduction and Summary

Mr. Chairman, thank you for the opportunity to testify today before the Senate Subcommittee on Foreign Operations, Export Financing, and related matters. I am Bruce M. Rich, Senior Attorney with the Environmental Defense Fund (EDF), and Director of EDF's International Program. I am testifying today behalf of EDF, the National Wildlife Federation (NWF), and the Sierra Club. EDF is a public interest environmental research and advocacy organization with over 200,000 members nationwide. The National Wildlife Federation is the largest conservation organization in the Western world with more than 5 million members, and the Sierra Club has over 600,000 members and supporters. My statement reflects the contributions of my colleagues at EDF, Scott Hajost, Korinna Horta, Steve Schwartzman and Lori Udall.

On behalf of EDF, NWF, and the Sierra Club, I first would like to thank you, Mr. Chairman, and the members of the Subcommittee, for the leadership role this Subcommittee has taken over the years in promoting environmental and social concerns in our multilateral and bilateral foreign assistance.

My statement will address FY 1994 appropriations for the World Bank, and African Development Bank, the Global Environment Facility, as well as the United Nation Environment Program, the Unesco World Heritage Fund and Center, and needed support for U.S. government efforts to ensure U.S. leadership in carrying out initiatives launched at the Earth Summit in Rio last June.

Mr. Chairman, you stated on April 27 that you had to wonder whether the World Bank can be trusted to use the public's money wisely and effectively. We have asked ourselves that question too. We have seen over the past year alarming evidence of the World Bank's lack of the most basic accountability and sense of responsibility for the environmental and social impacts of its projects. EDF and a number of other national environmental groups have concluded that it would be environmentally, socially, and economically irresponsible to continue to appropriate for funds for either the IBRD or IDA without evidence of far reaching reforms in the way the Bank does business. But we also recognize that the new administration sees the need for reforms in the Bank, and that alternatives to help Africa's macro-economic crisis should be found before cutting IDA support for African economies--though there is increasing evidence that IDA is not doing Africa, and especially the poor in Africa, much good.

We suggest, therefore, that for FY 1994 the Congress appropriate enough IDA funds to continue to support Africa, with requirements for comprehensive reporting by the Treasury Department on the progress the Bank makes in instituting a number of fundamental reforms discussed in detail later. We recommend that for FY 1994 that the Appropriations Committee cut a portion of IBRD funding, as you, Mr. Chairman, indicated would be an option in the letter that you sent to the Secretary of the Treasury nearly two years ago, on June 25, 1991. The heart of needed reforms lies in major institutional changes to make project quality, not pushing money, the overarching priority of the Bank and reforms to ensure independent review of Bank projects and public access to most Bank documents. It is important to remember that the Congress has been calling for reforms along these general lines in the World Bank for nearly a decade. After one year, if these reforms are not in place, we believe that not one cent more of U.S. taxpayers' money should go to support the Bank until things change.

I will conclude my statement with the endorsement of our organizations for increased appropriations for several institutions supported by the U.S. that we believe are very cost-effective in promoting environmental sustainability and social equity. These agencies--the Inter-American and African Development Foundations, and Appropriate Technology International--do not finance large government bureaucracies, but have a mandate to assist community groups, non-governmental organizations and smaller businesses and enterprises.

II. The World Bank

For FY 1994 the Administration is requesting appropriations of over \$1.3 billion for the World Bank and its concessional lending affiliate, the International Development Association (IDA). Since 1985 this Subcommittee has played a lead role in enacting legislation that has instructed the Treasury Department to promote key environmental reforms in the Bank and the three regional multilateral development banks. In the case of the World Bank, it has ceased financing a few of its most environmentally destructive programs, such as gigantic colonization projects in tropical forests, and, with

much fanfare, greatly increased its environmental staffing several years ago, and is constantly promulgating new environmental policies--though the first ones date back well over a decade. It is expanding financing of projects it claims are environmentally beneficial. On a small scale, compared to the main body of its lending, it is supporting national environmental ministries and funding protected areas. But, alas, many of the larger scale "environmental" projects, for example in the forestry sector, have turned out to be the same old unsustainable schemes doused with a new coat of green paint. Finally, last year about 13 percent of Bank lending went for programs in education, health and population. Some of these loans undoubtedly reflect the typical problems of Bank projects, that is inefficiency and inappropriateness linked to trying to push too much money too quickly through weak developing country bureaucracies. But lending for these purposes is something we can all support, if it is done effectively.

But this is an institution with an outstanding loan portfolio of over \$140 billion, and, overall, Mr. Chairman, over the past several years the Bank's record has been a disaster. The record has worsened--and not just in the environmental area. Three years ago when the World Bank asked the industrialized nations for the last multi-billion dollar replenishment of the International Development Association, it promised its donors to support environmentally sound projects, alleviate poverty, to "expand its efforts in end-use energy efficiencies and renewable energy programs and to encourage least-cost planning in borrower countries" and ensure greater public access to information and promote public participation. On June 25th, 1991, you, Mr. Chairman, and the then ranking minority member of the Subcommittee wrote the Secretary of Treasury to set down benchmarks for substantial progress by the World Bank in four critical areas--energy efficiency, treatment of forcibly resettled populations, tropical forest protection and environmental assessment. "In the event that workable benchmarks are not met by [mid-1993], we will have a clear basis to consider appropriate actions, including withholding a portion of IBRD appropriations, in FY94 or future years."

The Bank's promises proved worthless; it continues to finance numerous schemes that are documented environmental and social failures, and to withhold most information on its activities. The resettlement record continues to be a disgrace. This subcommittee has urged the Treasury Department to promote greater attention to end-use efficiency and conservation in Bank lending since late 1985. Energy is the Bank's second most important lending sector, and, in the light of concerns over global warming the need for alternative investments in end-use efficiency and conservation has never been greater. Brent Blackwelder of Friends of the Earth has analyzed the Bank's energy portfolio--and what we see is that in FY 1992 it lent less proportionally for end-use efficiency and conservation than it did during the mid-1980s.

I would like to discuss for the record a bit more about the Bank's energy lending, and then address two unprecedented reports completed in 1992 that reveal that the World Bank is an institution that has lost all sense of direction, accountability and responsibility.

A. Energy Inefficiency

The Bank issued a new energy efficiency policy paper in early 1993 in which it claimed that it would "be more selective in lending to energy-supply enterprises" and that "approaches for addressing demand-side management (DSM) and end-use energy intermediation issue will be identified, supported, and given high-level in-country visibility."¹ But the policy paper lacks specific commitments for actually increasing lending for end-use efficiency lending--which, according to the Bank's 1991 energy sector review will account for only 1 percent of Bank energy lending for the period 1992-1995.

Once again we see an all too typical pattern: the Bank churns out vague, new policy commitments in response to public pressure, while the Bank's lending operations continue mostly unchanged.

A prime example of the Bank's total, ongoing disregard for demand-side, end-use efficiency alternatives can be seen in the biggest energy loan it is currently preparing, a \$400 IDA credit for India. This IDA loan will finance the first stage of a gigantic, multi-billion dollar investment plan to intensify coal mining and expand coal-fired production of electricity in nine super thermal power plants all over India. Other loans are to follow. Under the investment plan, 3,750 megawatts of new generating capacity

¹ World Bank, Energy Efficiency and Conservation in the Developing World (Washington D.C.: World Bank, January, 1993), 12.

would be built alone in the Singrauli region in Northeast India. There no consideration of end-use efficiency and "demand-side management" alternatives. There has been opposition inside the Bank, but when push comes to shove the country departments who control operations are given what they want. In this loan virtually no funds are allocated for compensating and rehabilitating over a hundred thousand people forcibly resettled and otherwise adversely affected by previous Bank-financed projects at Singrauli and elsewhere.

Bank management is rushing to get this credit approved this month, traditionally known at the Bank as the "bunching season," a few short weeks when about a quarter of the Bank's proposed loans and credits are submitted to the Executive Board in a frenetic rush to get as many loans approved as possible before June 30th, the last day of the fiscal year.

B. Morse Commission Report

Responding to growing international criticism of the Bank-financed Sardar Sarovar dam on India's Narmada River, Barber Conable in the waning days of his tenure as Bank president asked a special Independent Commission to review the dam. He asked his old friend and colleague Bradford Morse to head the investigation. Morse is not only a former member of Congress, but had a distinguished career as U.N. Undersecretary-General and head of the United Nations Development Program.

What the Morse Commission members found appalled them. The first outside, independent assessment of a World Bank project documented a nearly decade long pattern of bureaucratic malfeasance, willful withholding of information from the Bank's management and Board of Directors, and sheer incompetence. Their report, released at a press conference in Washington on June 18, 1992, not only confirmed virtually all of the criticisms of NGOs in India and abroad, it revealed a pattern of gross negligence and delinquency on the part of the World Bank and Indian government much worse than anyone imagined.

The report estimates that the dam and its associated canals would probably displace 240,000 people, not the 90,000 or 100,000 originally envisaged; the enormous water channelling systems in the command area of the dam would forcibly resettle some 140,000 people--a fact never even discussed in the original World Bank appraisals for the dam and the command area canals. It concluded that humane resettlement for most of the people affected was a simple impossibility.

"There appears to have been an institutional numbness," the report continued, "at the Bank and in India to environmental matters," "a history of omissions, unmet deadlines, and ex post facto revisions" that the Commission concluded amounts to "gross delinquency."² Quoting a Bank consultant's study--which would never have seen the light of day without the Commission's access to Bank files--the Independent Review concluded that the entire Narmada scheme "appear[s] to have been planned, designed and executed without incorporation of Health Safeguards. He [the consultant] describes various parts of the Projects as 'death traps' and as 'taking Malana' to the doorsteps of the villagers."³ "People have died. Yet the Bank's status reports simply say that the preventive measures [for health] required by the formal [loan] agreements seven years ago are 'not yet due.'⁴

The Morse Commission charged that the abuses in Sardar Sarovar were not an isolated exception, particularly with respect to mistreatment of hundreds of thousands of forcibly resettled rural poor: "The problems besetting the Sardar Sarovar Projects are more the rule than the exception to resettlement operations supported by the Bank in India."⁵ In India alone over a twelve year period from 1978 to 1990 the Bank financed 32 separate projects entailing forced displacement of well over 600,000 poor. The report confirmed again the most extreme charges of Indian and international NGOs: "Upper Krishna I Project...closed in 1986 with a backlog of 100,000 people still to be resettled....Upper Krishna II, a project

² Bradford Morse et al., Sardar Sarovar: Report of the Independent Review (Ottawa: Resource Futures International Inc.), 226, 233-234.

³ Ibid., xxiii.

⁴ Ibid., 329.

⁵ Ibid., 53.

with 250,000 oustees, was not supervised during a critical phase of implementation....[The] first Gujarat Medium Irrigation Project. Subsequent supervision reported the predictable widespread failure to rehabilitate the nearly 90,000 people displaced by these dams."⁶

When the Bank became aware of resettlement problems in its India projects, "it...tailed firmly to address them. Violations of legal covenants are flagged, and then forgotten; conditions are imposed and when the borrower fails to meet them, the conditions are relaxed or their deadlines postponed."

Why did this happen and why was it continuing? The Morse Commission states that its comprehensive review of Bank files and numerous discussions with Indian government officials all point to the same conclusion: "the Bank is more concerned to accommodate the pressures emanating from its borrowers than to guarantee implementation of its policies."⁷

The Bank's response has been to ignore and defy the Morse Commission's recommendations, and even go so far as to openly misrepresent them to the Bank's Executive Directors--apparently on the assumption that they were too busy or not intelligent enough to read it themselves. Morse felt compelled to write president Lewis Preston on October 13th, with copies to the Bank's Executive Directors, charging that Preston had sent a document to the Board on management's proposed "Next Steps" that "ignores or misrepresents the main findings of our review."

Subsequently charges were made that Bank management and staff have perpetrated a "coverup," that the Bank's management and staff is "not trustworthy", and cannot be relied upon to tell the Executive Directors the truth. Others have charged that the Bank has shown "a profound lack of accountability to its shareholders," and denounced its "suppression of information" to officials of member countries concerning controversial projects. Who made these charges? I am quoting from minutes of the oral statements of the Executive Directors of the World Bank at a meeting held last October 23rd. At this meeting, the representatives of the United States, Germany, Japan, Canada, Australia, and the Nordic countries--some 42% of the voting shares of the Bank--requested Bank management to halt its disbursements on \$450 million of IDA credits and IBRD loans for the Sardar Sarovar dam in India. U.S. Executive Director E. Patrick Coady warned at this meeting that if the Bank continued to finance Sardar Sarovar "it will signal that no matter how egregious the situation, no matter how flawed the project, no matter how many policies have been violated, and no matter how clear the remedies prescribed, the Bank will go forward on its own terms."

Well, the Bank went ahead on its own terms and continued to support this disastrous scheme until March. As a face saving device, the Indian government announced it would not be requesting any more disbursements from the Bank. Whatever happens now, the Bank has succeeded in getting most of the money for Sardar Sarovar out the door.

It is important to note that although disbursements have halted, the Bank still has a responsibility to monitor the environmental and resettlement provisions of its loan agreement with the Indian government until the loan is paid back. I would like to attach for the record an internal memo from the Bank's general counsel that makes precisely this point. Currently there are serious resettlement abuses going on that totally contravene the spirit and letter of the loan agreement.

C. Wapenhans Report

Sardar Sarovar, and the disasters in the Bank's India lending in general, are just the tip of the iceberg. In fact, there are alarming signs that pressure to move money and meet lending targets at the Bank is so great that the institution is violating its own policies with increasing frequency. Not just the environmental record is a disaster, but other areas that receive less public attention, such as financial monitoring and enforcement of the conditions in World Bank loan agreements. Last summer an internal review of the Bank's \$140 billion loan portfolio (led by Willi Wapenhans, now retired World Bank vice president and special advisor to the president) showed that according to the Bank's own criteria, 37.5 percent of recently evaluated projects are failures, up from 15 percent in 1981. The most alarming aspect

⁶ Ibid., 54.

⁷ Ibid., 36.

⁸ Ibid., 36.

is economic: according to the Wapenhans report, nearly four-fifths of the financial conditions in World Bank loans--78 percent--are not complied with. The Bank's economic appraisal process is viewed by many staff, according to the same report, as a "marketing device for securing loan approval," and confidential internal surveys of Bank professionals show that "only 17 percent of staff interviewed felt that analytical work done during project preparation was compatible with the achievement of project quality." The report cites a "pervasive" "culture of approval" for loans. In the face of this pressure to lend, other Bank policies, particularly those concerning environmental quality and rehabilitation of forcibly displaced populations, are reduced to a cynical travesty.

The experience of the past decade shows that the Bank is incapable of reforming itself internally. The Wapenhans report, after its scathing analysis of the steady and pervasive deterioration of the Bank's entire loan portfolio and the systematic violation of loan covenants contains recommendations that restate the problems rather than address fundamental institutional problems of staff incentives and accountability--problems that have been identified for years and have only grown worse. The Report recommends that the Bank "improve the quality of projects entering the portfolio," "create an internal environment supportive of better portfolio performance management," strengthen the Operations Evaluation Department, etc. etc. In fact, a number of these recommendations were first made to the U.S. Congress in December, 1984, following a year and a half of hearings on environmental problems in Bank projects, and were issued in a December, 1984 report by the House of Representatives Banking Subcommittee on International Development Institutions and Finance. These and other recommendations--for example to promote career incentives to reward Bank staff for ensuring environmental quality in Bank projects rather than promoting them for building up big loan portfolios--were subsequently enacted into law as reforms to be promoted by the U.S. Executive Director, to little effect as far as project quality was concerned.

D. The Bank's Response to Wapenhans: "Not Serious"

The Bank's first response to the Wapenhans report was not to strengthen its existing policies to ensure project quality (the policies, we noted earlier, are known as "Operational Directives" or ODs), but to conclude that they were too complicated and difficult to carry out. Consequently, Bank management in early 1993 announced to staff that it will reissue all of the major ODs--for example on forced resettlement, environmental assessment, protection of tribal peoples--as new, simplified, less specific "Operational Policies."

It took Bank management nearly a year to formulate a more comprehensive plan of action that purported to address the problems described by Wapenhans. The proposed actions, presented to the executive directors in a document entitled "Next Steps," were so inadequate that they sent "Next Steps" back for major revisions. The U.S. executive director complained at a Board meeting in early May, 1993 that "the expected actions are not concrete enough to be monitorable." "Those hostile to the Bank," he warned, would seize on "Next Steps" "as not a serious response to critical issues of project implementation."

A coalition of church, environmental and development groups wrote the Bank on May 21st expressing concern that "Next Steps" contains no suggestions or plans to improve the quality of Bank lending in terms of sustainable development. With your permission, Mr. Chairman, I wish to submit this letter for the record.

E. And More Public Relations...

If the Bank's senior management had devoted more time to focussing on the need to improve project quality, "Next Steps" might have been less of an embarrassment. But a major priority for the use of their time appears to be a new, ambitious world-wide public relations campaign. In a meeting in late February, 1993 with Bank President Lewis Preston, Preston told them (in the words of an internal memo summarizing the meeting) "that the Bank needs to adopt a pro-active approach to external communications, rather than trying to defend itself ex post against criticism from well-organized environmental and human right organizations." "All VPs agreed that the Bank should develop a donor-outreach program and a conscious strategy to counteract the negative image generated by NGOs and other critics." The Vice Presidents made "numerous suggestions," including "assigning individual Senior

⁹ Statement by E. Patrick Coady, U.S. Executive Director, to an Executive Board Seminar, May 4, 1993 (U.S. Treasury Department, typewritten document, 4 pages).

Managers as spokespeople to specific donor countries," creating a "speech bank," and "using modern communications techniques, such as mass media advertising."¹⁰

The thrust of the entire discussion is on enlisting the highest levels of Bank management in efforts to change public perception of the Bank's "image"--and no discussion that there may be some connection between its tarnished image and the profound, systematic mismanagement of the institution documented in the Morse Commission and Wapenhans reports. With your permission, Mr. Chairman, I would like to submit the memorandum describing this meeting of Bank Vice Presidents for the record.

F. Cost Overruns and Pay Raises

You and other members of the Congress, Mister Chairman, have rightfully expressed outrage over reports of the lavish staff expenditures of the newest multilateral development bank, the European Bank for Reconstruction and Development. There is a need to cast a closer regard on the World Bank in these matters. For some time the Bank has been renovating several of its central office buildings; according to the London Economist this project is already \$43 million (20 percent) over budget, and nowhere near complete.¹⁰ While the Federal government has been trying to cut back on expenditures and reduce staffing, Bank management voted itself a 4.6 percent pay increase effective May 1st, which, together with increases in pension expenditures and new recruitment, raises total staff costs over the coming year by 6.9 percent. The April 17th Financial Times quotes a Bank official as commenting "We can't restrain our appetites."¹¹ What is there in the Bank's performance that can justify these increases?

G. What About the Poor?

The World Bank's principal argument against calls for reducing its funding is that individuals and organizations that espouse such a position are knowingly or unknowingly enemies of the poor. To cite a letter of former Bank vice-president Willi Wapenhans to the New York Times last January 8th, we who call for diverting funds from IDA into environmentally, socially, and economically more sustainable alternatives are making IDA "a whipping boy for what they perceive as poor project policy at the World Bank" and this "threatens to transfer the burden to the world's poorest people, who are desperate for programs and projects to improve their lives." We believe that the money for IDA and IBRD appropriations can be used to really help the poor in much more cost-effective and accountable ways through bilateral channels--U.S.A.I.D., and organizations like the Inter-American Foundation, African Development Foundation, and Appropriate Technology International. Already in the 1970s U.S.A.I.D. moved away from the World Bank model of large grants and loans to government agencies for gigantic infrastructure schemes in the poorest countries, particularly in sub-saharan Africa, to smaller, more flexible funding of private voluntary organizations, that have demonstrated their capacity to directly help poor communities in many of these countries. Huge foreign aid flows to client bureaucracies in governments in some parts of the developing world have frankly compounded problems and inequality in many cases.

There is another model of development assistance that the U.S. supports through its appropriations for foreign assistance that the two national environmental organizations I represent today endorse wholeheartedly. It is an approach that provides technical assistance and transfers small grants and loans (typically less than \$500,000) to local communities, small businesses, farmers and entrepreneurs, non-governmental groups and cooperatives in the developing world. It is an approach that has demonstrated its capacity for promoting economic development that is much more likely to be environmentally sustainable and culturally appropriate. Last year the combined annual budgets of Appropriate Technology International (ATI), the Inter-American Foundation (IAF), and the African Development Foundation (ADF), were less than \$65 million--considerably less than one medium size World Bank loan. Funding for these organizations should be greatly increased, and above all their model should be studied and replicated on a much larger scale. We believe this should be the model for U.S. foreign assistance in the '90s.

Our organizations strongly support increased assistance for poor communities in the poorer nations of the world--but assistance that is locally responsive and environmentally responsible, and, above all, and that has a better chance of working. We would hope ongoing discussions over the future of U.S.A.I.D.

¹⁰ "Smoked Out (World Bank Overspends)," The Economist, May 29th-June 4, 1993, 88.

¹¹ Financial Times, 17 April 1993, p. 2.

will focus on the need to increase this kind of assistance to communities, small businesses and farmers along the models of the I.A.F. and the African Development Foundation, and some of the innovative programs that A.I.D. is now carrying out. One such program is the United States-Asia Environmental Partnership, a program that involves U.S. and Asian community groups, businesses and governments in a program of technology cooperation, biodiversity conservation, environmental improvements in infrastructure, and fellowships and training.

A second point that needs to be made about the poor and the World Bank, and IDA, is that most World Bank and IDA disbursements flow right back again out of borrower countries in the form of procurement contracts, and the lion's share of these contracts go to the ten richest industrialized nations. Net disbursements (i.e. balancing out gross disbursements with repayments back to the Bank of previous credits) of IDA to borrowing countries in the Bank's Fiscal Year 1992 were \$4.471 billion. But of this \$4.471 billion, \$2.347 billion, or well over half, was paid out again in procurement contracts associated with IDA credits. The great majority of these procurement funds went right back into the pockets of industrialized countries, 55 percent to the ten richest nations. Nearly a quarter of a billion dollars went to France, \$285 million to Britain, \$168 million to Japan, and \$73 million to Switzerland and its six million inhabitants. In fact, IDA disbursed more money back to Britain last year than to Bangladesh (\$253 million), and more cash to Switzerland--which last year was not even a member of the World Bank and contributed nothing to IDA--than to the Philippines (\$36 million), Sri Lanka (\$69.5 million), and numerous sub-saharan African countries with significantly larger populations than Switzerland: Senegal (\$43.7 million), Mali (\$46.4 million), Mauritania (\$28.7 million), Guinea (\$7.3 million), Madagascar (\$24.1 million), Sierra Leone (\$64.4 million)--the list goes on and on. The U.S. share was way below the proportional weight of our economy and population (compare with France and Switzerland): \$204 million. As far as the U.S. share is concerned, there are cheaper, more efficient, environmentally sustainable ways to subsidize U.S. business than through IDA, ones targeted towards small, high-technology businesses that create the most jobs.

A final argument is sometimes made that the community-oriented assistance programs we propose as alternatives are fine, but because they do not transfer the large amounts of money to governments in Sub-Saharan Africa or South Asia that IDA does (even if more than half flows right out again for procurement), they do not address urgent macro-economic problems confronting many of these nations, namely chronic balance of payments and trade deficits, declining terms of trade and external outflow of financial resources. But the main external financial burden facing many of these countries is their debt. The foreign debt of Sub-Saharan Africa is approximately \$150 billion--about equal to the entire region's annual GNP. This debt is eating up more than ten percent of the export earnings of eight sub-saharan countries, and more than a third of the earnings of Zambia and Uganda.¹² Unlike Latin America, a much higher proportion of the African debt is owed not to private banks, but to governments of the industrialized countries, and 36 percent is owed to multilateral agencies like the World Bank. In fact, Uganda owes 62 percent of its debt solely to the World Bank.

Annual IDA net disbursements to the region are relatively insubstantial compared to the long term financial relief that debt forgiveness could provide. We strongly believe that the U.S. government should endorse the so-called "Trinidad Terms" for debt relief, so-called because they were agreed on by the Commonwealth Finance Ministers at a meeting in Trinidad in September, 1990. The Trinidad terms envisage canceling two-thirds of the existing debt, and rescheduling what remains over a twenty-five years, with a five year grace period. If we are serious about ending trickle down economics not just in the U.S., but for the world's poor, we should start by endorsing them. The previous administration rejected the Trinidad terms; but surely the new Administration should be able to accept a debt relief proposal that was endorsed by both conservative and liberal governments in Europe, a proposal indeed championed by John Major.

In fact, the World Bank could finance substantial debt relief for Africa without additional appropriations or touching the callable capital of its hard loan window, the IBRD. The Bank has some \$21 billion in liquid reserves which it maintains in a semi-permanent investment fund, placed in government and high grade corporate bonds. The interest alone that the Bank earned on this portfolio was about \$1.6 billion in 1992.¹³ This fund has existed for decades, and since 1985 has not sunk below \$17 billion.

¹² Oxfam (U.K.), "Africa Make or Break: Action for Recovery" (38 page printed report) (Oxford: Oxfam, 1993), 15.

¹³ World Bank, Annual Report 1992 (Washington, D.C.: World Bank, 1992), 71.

The major shareholding countries of the Bank could easily direct it to allot \$10 billion of this fund to its poorest and most economically strapped borrowers for relief from the burden of their World Bank debts. The Bank argues that it needs a substantial bond portfolio "to ensure flexibility in its [the IBRD's] borrowing decisions should borrowing be adversely affected by temporary conditions in the capital markets."¹⁴ But half or a third of \$21 billion would be more than sufficient these purposes. Indeed, the Commission has endorsed precisely this proposal for Africa, having witnessed first hand the social damage precipitated by Bank-Fund adjustment programs.¹⁵

H. Governance and Human Rights

My colleague, Lori Udall, as well as the human rights organization Asia Watch, and the special Independent Commission chaired by former congressman and UNDP chief Bradford Morse, have documented massive, disturbing human rights violations abetted by IDA loans in numerous large-scale projects in India, beginning with, but not limited to, the notorious Sardar Sarovar scheme mentioned above. Although India is one of the largest IDA borrowers, such gross disregard for basic human and civil rights appears to be the case in some other Bank country lending operations as well. As we enter the post-cold war era, there can no longer be any excuse for ignoring massive human rights violations in our foreign assistance. Over the past several years, Bank officials and publications have announced that the Bank would pay more attention to "governance" issues in disbursing its loans and credits; countries characterized by endemic corruption or large-scale violation of civil rights could no longer expect a free ride.

Once again, the Bank's rhetoric is betrayed by its actions. The World Bank continues to be an ally in too many cases, at times directly against our declared bilateral policies, of authoritarian, repressive regimes that systematically engage in suppression of civil liberties and human rights. Let me cite two fairly recent examples.

Last May Western donors met and agreed to suspend all new non-humanitarian assistance to Malawi until the country's abominable human rights record improved. Several governments had already suspended their aid prior to the May, 1992 meeting, and U.S.A.I.D. announced that because of Malawi's human rights violations it would halt new commitments of quick disbursing balance of payments aid, cut ongoing disbursements of such aid in FY 1992 by 50%, and carry out still greater cuts in FY 1993. In the nine weeks following this meeting, according to the Economist Intelligence Unit, the World Bank approved \$199 million in new loans, including the largest single loan it has ever made to Malawi. The Economist research team observes that "This represents more than twice the estimated \$74 million cut off by bilateral donors since their May decision and will undoubtedly undermine attempts by Western governments to use aid as a leverage to elicit policy reforms...."(emphasis added). The same Economist Intelligence Unit issue reports that "internal World Bank documents indicate that at least some of the new money was specifically provided to cover the shortfall in government finances caused by suspension of bilateral aid." (emphasis added). In addition "South Africa has provided a confessional grant of \$22 million to help bridge any balance of payments gap."

With your permission, Mr. Chairman, I wish to submit the relevant page from the report of the Economist Intelligence Unit for the record.

In late October, 1991 the Bank's China Country Director publicly denounced international pressures on China for human rights reforms, declaring "Economic development should come first, before so-called political liberalization. I don't know what liberalization means in the Chinese context." The student protests at Tiananmen square, where students erected an effigy of the Statue of Liberty before they were gunned down, was, according to the senior Bank manager, more a result of "unhappiness with the lack of economic stability." (Javed Burki, Country Director China-Mongolia, World Bank, quoted by United Press International, "WB official says leave China alone," *The Nation* (Bangkok, Thailand), 21 October 1991). These statements were widely reported in the English language press in Asia, and I would wish, with your permission Mr. Chairman, to submit two newspaper articles reporting them, from two of the Southeast Asia region's leading English language newspapers.

¹⁴ World Bank Annual Report 1992, 71.

¹⁵ Oxfam, "Africa Make or Break," 15.

1. The International Finance Corporation (IFC)

EDF has also encountered disturbing evidence of the IFC's inability to monitor and effectively address serious human rights and environmental violations associated with its operations. For years there has been a pattern of serious human rights abuses and environmental destruction in the IFC's COBRAPE (Companhia Brasileira de Agropecuaria) project in Tocantins state, Brazil. The IFC committed \$8 million to the irrigated rice project in 1981. Since 1982, when COBRAPE installed itself in Tocantins, local nongovernmental organizations have denounced a systematic campaign of terror against small farmers already living on the land acquired by the IFC's partner, waged by COBRAPE with the intention of driving the small farmers off of the land. This has included hiring of gunmen to threaten and intimidate small farmers, destruction of property, beatings, death threats, and provoking a climate of terror in the region. In addition the company has resorted to discharging water contaminated with pesticides, oil and gasoline into the creeks used by the small farmers for their water supply.

In 1987, the public prosecutor in Gurupi, Tocantins filed criminal charges against COBRAPE directors and 15 gunmen employed by them—a remarkable step on the Amazon frontier, where judicial impunity for the perpetrators of violence against the rural poor is the rule. It is likely, according to local lawyers of the Pastoral Land Commission (CPT), an organization of the Catholic church, that the case will never come to trial, since five years have passed and the case remains in the initial stage of hearing prosecution witnesses. The IFC attended a meeting with government officials and the company in 1987, and had previously written several letters to government agencies, after having been informed of the situation by the CPT. Subsequently, the IFC engaged in litigation with COBRAPE over nonpayment on its loans, and settled out of court in 1992. Despite being aware of the very serious pattern of human rights abuses and environmental destruction in the COBRAPE project since 1986, the IFC has yet to talk directly to any of the people affected by the project, and met once in 1987 with the CPT in Washington, at the request of EDF.

If the IFC regarded human rights and environmental protection as of serious relevance to its operations, it could over the last decade have exercised a positive influence over this situation and transmitted to government and the private sector in the Amazon that compliance with Brazilian law in IFC financed projects is a real concern of the World Bank Group. It could easily do so today. Instead, by all indications, the IFC has implicitly endorsed the position of COBRAPE—that its activities are business as usual in central Brazil, with which the IFC chooses not to take exception.

J. Adjustment, Poverty and the Environment

Another area of Bank negligence that concerns us is rooted in the social and environmental consequences of World Bank and IMF structural adjustment programs. Adjustment as promoted by the Bank¹⁷ and IMF has resulted in government domestic austerity programs on the part of borrowing countries and intensive efforts to increase export earnings. Too often the way in which the Bank and the Fund have promoted such measures have resulted in reduced education, health, and environmental protection expenditures, and reductions in real wages for working populations already on the edge of poverty (in Mexico, often cited as a model, real wages plummeted by 50 percent in the 1980s). Numerous case studies have linked to World Bank/IMF adjustment policies an appalling drop in education and public health services for the poorest populations of the poorest countries, particularly in Africa.¹⁸ The United Nations Children's Fund (UNICEF) and the United Nations Commission for Africa published reports in the late 80s that bitterly indicted the Bank's approach.¹⁹ The UNICEF report reached the conclusion that

¹⁷ In the late '80s and early '90s about a quarter of World Bank loans were for adjustment.

¹⁸ See, for example, A. Peter Ruderman, "Economic Adjustment and the Future of Health Services in the Third World," *Journal of Public Health Policy*, Winter 1990, 481-89; Judith Marshall, "Structural Adjustment and Social Policy in Mozambique," *Review of African Political Economy* 47 (Spring 1990), 28-41; Howard Stein and E. Wayne Nafziger, "Structural Adjustment, Human Needs, and the World Bank Agenda," *The Journal of Modern African Studies* 29, no. 1 (1990), 173-189.

¹⁹ United Nations Economic Commission for Africa, *African Alternative Framework for Socio-Economic Recovery and Transformation* (Addis Ababa: United Nations Economic Commission for Africa, 1990).

World Bank and IMF adjustment programs bore a substantial responsibility for lowered health, nutritional and educational levels for tens of millions of Third World children.¹⁹

This spring, the international aid and relief organization Oxfam condemned World Bank adjustment programs for "dramatically worsen[ing] the plight of the poor" in Sub-Saharan Africa. Oxfam recounts that under Bank/Fund adjustment dictates consumer prices for low-income families in Zambia doubled in an eighteen month period, and that over the past decade the number of Zambian children "suffering from malnutrition has risen from 1 in 20 to 1 in 5." Bank adjustment policies during the 1980s, the Oxfam report continues, bear responsibility for many African countries spending less in 1990 on public health per capita than they did in the 1970s, and contributed to a drop in primary school enrollment in the region from 78% at the beginning of the decade to 68% at its end.²⁰

The Bank's approach to the economic crisis of Sub-Saharan Africa has worsened it rather than alleviating matters. In Africa, it led to what Oxfam calls "export-led collapse." The Bank encouraged numerous countries around the world to convert agricultural land and tropical forests to increased production of commodities such as coffee, cacao and cotton--and prices for these commodities plummeted, as could have been expected. In West Africa between 1986 and 1989, Oxfam notes, "cocoa exporters increased their output by a quarter, only to see foreign-exchange receipts fall by a third as prices collapsed." In some cases adjustment-promoted cuts in domestic spending further crippled the export capacity that adjustment was supposed to increase: in one district in rural Tanzania in 1992 farmers were unable to market most of their cotton crop because of the collapse of road maintenance prompted by adjustment-sponsored cuts in government expenditures.²¹

The adverse environmental effects of adjustment are considerable.²² For example, adjustment in Mexico during the 1980s resulted in the budgets of the Department of National Parks and the Bureau of Urban Development and Ecology falling faster, according to a World Wide Fund for Nature study, "than government spending in general."²³ Reductions in agricultural extension services in several countries pushed more small farmers into unsustainable practices, either depleting lands they owned, or expanding into tropical forests and other marginal lands.²⁴ Increased social disparities and poverty precipitated by adjustment are a major cause of environmental degradation in themselves. A recent case study of World Bank--IMF adjustment policies in the Philippines prepared by Robert Repetto and Wilfredo Cruz of the World Resources Institute concluded that

real wages fell more than 20 percent between 1983 and 1985. As vastly increase numbers of workers migrated to the open access resources of the uplands and coastal areas, deforestation, soil erosion, the destruction of coastal habitats, and the depletion of fisheries increased.²⁵

¹⁹ Giovanni Andrea Cornia, Richard Jolly, and Frances Stewart, *Adjustment with a Human Face, Volume I, Protecting the Vulnerable and Promoting Growth* (Oxford: Clarendon Press, 1987), 34, 287-88.

²⁰ Oxfam (U.K.), "Africa Make or Break," 2.

²¹ Oxfam (U.K.), "Africa Make or Break," 7-8.

²² Adjustment is in theory mixed in its environmental implications: one important environmental benefit could be the reduction of government subsidies that encourage profligate energy and water consumption, as well as over-use of agricultural chemicals. Overall, however, Bank and Fund adjustment conditions seem to be more vigorous and successful in reducing government funding for "soft" social and environmental services, lowering real wages, and promoting cash crops for export, than in cutting energy and water subsidies for powerful vested industrial and agricultural interests--a hardly unexpected outcome, given the political bargaining power of those affected.

²³ David Reed ed., *Structural Adjustment and the Environment* (Boulder, Colorado: Westview Press, 1992), 151.

²⁴ *Ibid.*

²⁵ Wilfredo Cruz and Robert Repetto, *The Environmental Effects of Stabilization and Structural Adjustment Programs: The Philippines Case* (Washington, D.C.: World Resources Institute, September, 1992), 6.

In the Philippine case as in many other countries, adjustment did **not** succeed in launching export-oriented growth as intended. The World Bank contends the failure is a consequence of poor government compliance with Bank prescriptions as well as the result of a global economic slump. Repetto and Cruz conclude that if the Bank adjustment program **had** achieved its goals, unsustainable exports of natural resources and environmentally negligent production would have been the consequence: in their simulation "both logging and mining expand dramatically, by 7.3 percent and 29.4 percent, respectively. Energy use grows by 3.0 percent, and erosion-prone agriculture by 2.5 percent."²⁶

According to a recent World Wildlife Fund and World Resources Institute studies, from which I excerpted the examples cited above, the Bank has done little to take into account the environmental impacts of its adjustment programs. To attempt to alleviate the supposedly short-term, adverse social effects of its adjustment lending on the poor, the Bank has responded with still more loans for "social impacts of adjustment." Their objective is to soften the effects of increased food prices and reduced wages for particularly vulnerable poor populations. OXFAM studied two such "social impacts of adjustment" programs of the World Bank in Zambia and Ghana, and concluded that they "probably have served more of a political purpose in giving adjustment the appearance of a human face, rather than a genuine compensatory purpose."²⁷ The one certain impact of this approach is to further increase the immense debt burden of many developing countries--a principal cause of their having to submit to adjustment in the first place.

The Bank's claims that it is helping the poor in Africa increasingly lack credibility. Having witnessed the effects of the Bank's activities first hand in the continent, Marguerite Michaels, a fellow of the Council on Foreign Relations, concluded in an article published earlier this year in Foreign Affairs that "the root problem with the bank has been a powerful combination of arrogance, ignorance and absolute, unchecked power." Indeed, for the World Bank the whole continent and its people have been a field of experimentation and manipulation, a "research lab" in Michael's words, for dubious and untried economic theories whose application would be politically, socially and morally unacceptable in industrialized democracies.²⁸

K. Recommendations

We believe that the Bank has largely flouted the benchmarks set out in the June 25, 1991 letter of the Committee on Appropriations to then Secretary of the Treasury Brady, and that cuts in appropriations for the IBRD are the only credible response. EDF strongly supports confessional foreign assistance for the poor in developing countries, but most IDA lending is not helping the poor. We suggest that within the constraints of needed overall cuts in the foreign assistance budget, the Committee should appropriate funds for IDA in FY 1994, but be prepared to reprogram funds that would otherwise be appropriated for IDA in coming years for debt relief for IDA countries and for bilateral programs for health, education and the environment for these countries. Appropriations for IDA for FY 1995 should be contingent on the Bank's progress in putting into place by June 30th, 1994, the following reforms:

1. Creation of a new public information policy which gives greater transparency to the World Bank's decision making process and greater access to project-related documents. The new policy should precisely define categories of information which will be considered confidential. Information listed as confidential should be justified by compelling policy reasons. All other information should be made available in its entirety to the public.
2. Creation of an independent appeals or review commission which would have jurisdiction to investigate complaints from individuals and NGOs in developing countries regarding violations of Bank policies and loan agreements and violations of international human rights law associated with World Bank projects. The appeals commission would have access to Bank information and all judgements of the commission would be made available to the public.

²⁶ Ibid., 60.

²⁷ OXFAM (U.K.), "Africa Make or Break," 25.

²⁸ Marguerite Michaels, "Retreat From Africa," Foreign Affairs, vol. 72, no. 1, 101, 100.

We wish to thank you, Mr. Chairman, for raising the need to create such an independent appeals commission with Secretary of the Treasury Bentsen, as well as the recent letter on this matter you sent June 7th to Lewis Preston, president of the World Bank.

3. Having in place effective measures to address the problems identified in the Wapenhans Report. The thrust of these measures has to be to make project quality in all areas--financial, environmental, economic and social--the number one priority of all Bank operations. To change the culture of the Bank, a radical change is needed in career incentives for staff so that employees are rewarded for making quality in projects the first priority, rather than moving money. The current proposals outlined by the Bank in "Next Steps" are totally inadequate.

4. Requiring environmental and social impact assessments, including poverty impact assessments, for all structural and sector adjustment loans.

5. Creating and meeting benchmarks that enhance the focus of Bank lending on poverty reduction.

We hope the Congress will urge the Secretaries of Treasury and State to raise the issue of World Bank reform along the lines suggested above in the G7 process as well as in the forum of the OECD.

Finally, we suggest that Congress commission from the Office of Technology Assessment two studies to be completed over the next year:

a. A an analysis of bilateral and United Nations alternatives to IDA for assisting the poor in the poorest developing nations; and

b. A study of existing debt relief proposals and an analysis of specific measures the U.S. can take to assist the poorest developing nations in reducing their debt burden.

III. Global Environment Facility

A. Background

The Global Environment Facility (GEF) was set up as a three year, \$1.3 billion pilot program in 1990 to be jointly operated by the Bank along with the United Nations Environment Program (UNEP) and the United Nations Development Program (UNDP). The role of these two U.N. agencies has been minor in comparison with that of the Bank. UNDP assists in technical support and pre-investment studies through its country field offices, and UNEP's main role currently is exercised through a "Scientific and Technical Advisory Panel" that was supposed to advise the GEF in reviewing and selecting projects. The GEF gives grants for incremental costs to developing and former East bloc countries to support environmental projects in four areas of global concern: protection of bio-diversity, limiting emissions of CO2 and other greenhouse gases, protection of the ozone layer through promoting alternatives to CFC (chlorofluorocarbon) emissions, and protection of international waters.

The GEF emerged from the Rio Earth Summit with increased funding commitments from major donor nations. The Climate and Biodiversity conventions signed at Rio adopted the GEF as an interim financing mechanism, provided that the GEF be fully restructured to ensure an equitable representation of all parties and a democratic and transparent system of governance.

B. Concerns

Our principle concerns are all linked to the fact that the GEF is dominated and controlled by the World Bank, and as been subsumed for the most part as a confessional "add-on" to its much more important main lending programs. This newest child in the World Bank family has all the flaws of its parent. All GEF investment projects (which is more than 90 percent of the total) are prepared and approved by the World Bank; 80 percent of these are linked formally or informally to larger Bank lending projects and programs in often environmentally problematic (for the Bank) areas such as energy and forestry. Appropriating more money for the GEF will at best be good money thrown after bad if the World Bank does not make much more progress in reforming its main lending operations. These operations are running at a rate of \$25 billion in new loan commitments a year, supporting projects and programs whose total cost is probably well over \$60 billion.

Of what use is it for the World Bank to spread two or three hundred million a year in grants among more than 100 countries to protect bio-diversity if it lends at the same time hundreds of millions of dollars a year for forestry projects in the tropics that will in part support expansion of commercial logging concessions in pristine tropical forests? In the face of international pressure the Bank recently revised its forest policy to exclude all direct financing of logging in intact primary forests, but we have seen that thirteen years after it enacted a policy to rehabilitate the poor who are forcibly displaced by its infrastructure projects, it flagrantly continues to violate that policy. What good will another two or three hundred million in grants a year do to reduce CO2 emissions while the Bank continues to lend billions for huge coal fired power plants in India and China without considering least cost alternative demand side investments that could obviate the need for many of these plants? Donor countries, including the U.S., have already given tens of millions of dollars to the ESMAP (Energy Sector Management Assistance Program) program within the World Bank, with negligible effects on changing the priorities of Bank energy lending to give greater emphasis to end-use efficiency investments. What stake will poor populations in the developing world have in GEF projects if they are conducted along the same lines of small-minded secrecy and closed, top-down, bureaucratic planning that characterizes so much of the Bank's current way of operating?

The World Bank's high handedness and lack of accountability in running the GEF can be seen in numerous examples. Let me cite just one. UNEP formed a Scientific and Technical Advisory Panel whose task was to formulate scientific guidelines to guide the selection of projects. But the Panel had no say over the original choice of the four main project areas, nor over the design of individual projects. In its haste to move money the Bank prepared and pushed through the first "tranche" of GEF projects--totalling \$193 million--before the Panel had even developed project selection guidelines. Even now, the Scientific and Technical Advisory Panel has no access (like everyone else, including Bank Executive Directors!) to internal World Bank files and documents on the larger World Bank lending programs in areas such as energy and forestry to which many GEF projects are attached. It is impossible to adequately evaluate the real, net environmental benefits of a GEF project without this information.

C. Recommendations

We wish to commend the Subcommittee for the appropriations language it introduced last year, namely that no funds should be released to the GEF until the Secretary of the Treasury determines and reports to the Committee on Appropriations that the GEF has established clear procedures on full public access to information on GEF projects, and the larger projects of implementing agencies with which the projects may be associated; procedures to ensure full consultation and participation of affected populations in recipient countries; that GEF governance is reformed to ensure full oversight by participating nations of individual projects, with full participation of non-governmental organizations; and that if by the end of the fiscal year these requirements are not met all appropriated funds for that year are transferred to A.I.D. for activities that further the goals of the G.E.F.

We believe the same language should be incorporated in the FY 1994 appropriations bill, with some further additions. Before releasing any appropriations the Secretary of the Treasury should also determine, and report to the Committee on Appropriations that

--an independent evaluation has been completed of the three-year pilot phase of the GEF that is now ending; this evaluation should not be a desk study, but incorporate a reasonable number of field studies on GEF project performance, their relation to larger World Bank projects, and include a wide variety of disciplines, including, besides economists and natural scientists, anthropologists and sociologists.

--a comparative assessment is made of alternative funding mechanisms for the Climate Change and Biodiversity Conventions, for example of the viability of independent funds administered by the parties to the conventions along the lines of the Montreal Protocol Fund.

I might add that these and other GEF reform measures have widespread and growing support among non-governmental groups all over the world.

IV. African Development Bank

The African Development Bank, which lent about \$3.5 billion last year, suffers from many of the same problems as the World Bank, but worse: a steady, pervasive deterioration of overall project quality,

gross environmental negligence, and highly restrictive, secretive information policies. It has an Environment and Social Policy Division with half a dozen staffers, as well as an Environment Policy Paper issued in June, 1990, that sets out environmental policies for sectors such as agriculture, forestry, transportation etc. Last year it also prepared a set of Environmental Assessment Guidelines for use in project preparation, and within the past few weeks issued a final version of a Forestry Policy, which like the World Bank Forest Policy issued last year commits the African Development Bank to not financing commercial logging in primary forests. But the environmental staff, policies and guidelines have had little effect on improving the environmental quality of most projects--a familiar story.

Over the past three years EDF has encountered a number of blatant examples of AFDB projects that are needlessly threatening Africa's remaining rainforests and their inhabitants. These include a road-building project in the largely intact rainforest of southeast Cameroon, and coffee-growing project in the Central African Republic that threatens a forest reserve and national park established through recent World Bank loans. In Guinea, the AFDB's Diecke Oil Palm and Rubber Project promotes agro-industrial activities affecting an area that is one of Guinea's last two remaining areas of intact rainforest. The Rubber Scheme Phase II Project for Gabon involves clearing several thousand hectares of forest for rubber plantations. Yet the ecological impact has been dismissed as irrelevant on less than half a page of the Staff Appraisal Report.

However, it must be said that the AFDB has had much less time than the World Bank to respond to international pressure and donor attention to issues of environmental quality, and project quality overall. These are relatively new concerns for the AFDB, as evidenced by the fact that its major environmental policies date back only two or three years.

Our recommendation is that the Subcommittee endorse the FY 1994 Administration request for the AFDB, but urge the Treasury Department to put the AFDB on notice that without effective operational measures to ensure the environmental, economic and social quality of its projects it will risk withholding of funding in future years. The U.S. should seize on the growing willingness of many donors to take a tougher approach vis a vis the AFDB and lead efforts to make specific demands for more effective use of AFDB resources and put in place a system for regular monitoring of AFDB performance. Negotiations are now going on and will be completed by the end of the year for the Seventh Replenishment of the soft loan window of the AFDB, the African Development Fund. It is essential that the Donors' Agreement for this replenishment set out specific measures, benchmarks, and requirements to reverse the alarming deterioration in project quality at the AFDB, and to ensure implementation of its new environmental policies.

V. United Nations Environment Program (UNEP)

UNEP's overall budget fallen short of projected amounts this year due to reduction of hard currency contributions from the nations of the former Soviet Bloc. The current annual budget of UNEP--about \$68 million--is substantially less than the cost of many World Bank projects. This is clearly inadequate for the lead environmental agency of the United Nations, charged with coordinating an increasing number of international environmental negotiations, agreements and programs to which the U.S. is a party. This burden, moreover, has increased considerably over the past year due to the additional tasks vested in UNEP by the Rio Earth Summit. This year's \$22 million amount is less in real, inflation adjusted terms, than UNEP's 1977 appropriation of \$10 million, despite the tremendous increase of international environmental responsibilities the agency must deal with. In view of this situation, we urge the Committee to appropriate \$28 million for UNEP in FY 1994.

We believe, however, that the U.S. UNEP contribution should be accompanied by instructions from the Appropriations Committee to the Administration to seek out and promote measures to reorganize UNEP's management and structure so it can act more effectively within the U.N. system to perform its mandate. The recent inaugural of a new executive director for UNEP provides an ideal opportunity to consider such changes. Among the measures that should be considered are strengthening UNEP's regional offices and presence, and decentralizing UNEP's current decision making structure which is extremely concentrated in the office of the executive director. In the past this structure has inhibited responsiveness and flexibility in the entire organization. In addition, the international telecommunications capacity of UNEP's head office in Nairobi is totally inadequate and has to be strengthened.

VI. World Heritage Convention and Fund

Mr. Chairman, the World Heritage Convention and Fund is a relatively little known international agreement to which the U.S. is a party. It greatly merits increased U.S. support. Established under the auspices of UNESCO in 1972, over 120 states are now signatories to the convention. It establishes a "World Heritage List" of unique cultural and natural sites whose protection and conservation are the responsibility of the international community. Nations parties to the convention nominate sites within their territories, which, if they meet the criteria of the treaty, are inscribed on a World Heritage List. All nations party to the treaty have a duty to respect the integrity of the sites inscribed on the list. Conservation of the sites for poorer nations is financed in part through the World Heritage Fund, to which the U.S. and other signatories contribute. As of last year, some 358 sites situated in 81 nations were inscribed on the World Heritage List. Eighty-four of these were natural sites of unique global importance--for example, the Grand Canyon in the U.S. The mere fact of a natural site figuring on the World Heritage List has been of great importance in several cases in ensuring the conservation of lesser known sites. About a decade ago an international campaign to save a World Heritage natural site in Australia, the Franklin River valley in Tasmania, was capped by success when the Australian Federal government overruled the Tasmania state power agency's plans to dam the valley, based on the international status given the site by the World Heritage Convention and List. More recently, efforts are afoot to create one of the world's largest iron ore mines in the heart of a tropical rainforest World Heritage site in the west African country of Guinea; the only thing that may stop this proposal is the international status and attention Mount Nimba has received from its inscription on the World Heritage List.

It is particularly unfortunate, then, that U.S. contributions to the World Heritage Fund actually decreased this year to \$450,000 from \$550,000 in FY 1992. These amounts are almost invisible in terms of the size of most appropriations, but they support a unique program that is worthy of expansion and replication. We hope and urge that the Subcommittee will increase the appropriation this year for the World Heritage Fund very substantially. In addition, a central secretariat has recently been organized for the Convention, the World Heritage Center. Although housed in UNESCO, the Center is encountering difficulties securing sufficient funding. We urge the Subcommittee to explore with the State Department ways of channelling U.S. bilateral support to the World Heritage Center.

VII. U.S. Followup to the United Nations Conference on Environment and Development (the Earth Summit)

Effective followup to the Rio Earth Summit should be a key element of U.S. foreign policy. With the nomination of Tim Wirth as the Counsellor to the Secretary of State with the intention of creating a new Undersecretary for Global Affairs, we believe environment and development issues will be given a priority in the new Administration and the Department of State that has been painfully missing in recent years. For the U.S. to play a leading role in implementation of the Climate Treaty, the Biodiversity Treaty on the expectation that the Clinton Administration will sign and ratify that treaty, implementation of Agenda 21 and effective participation in international institutions such as the UN Commission on Sustainable Development, will all require additional resources.

It is vital that the U.S. be in a position to provide the resources necessary to the Secretariat to the Climate Treaty effectively to function, to assist developing countries, to participate in meetings under the Treaty and the Intergovernmental Panel on Climate Change and to assist developing countries in preparing emissions inventories, country plans and in adapting to climate change. The same will be true with respect to the Biodiversity Treaty where effective country plans and inventories of biodiversity, the bulk of which is found in developing countries, will be crucial in achieving the goals of that Convention.

In the marine area, the U.S. should play a leading role in forging a new global strategy possibly leading to a new global treaty on land-based sources of marine pollution as well as in its own regional marine agreements in the Caribbean and South Pacific. UNCED called for a UNEP conference on land-based sources of marine pollution and the U.S. should provide the leadership and resources to make this conference a reality. Moreover, on a regional basis, U.S. efforts in the Caribbean and the South Pacific have been woefully underfunded. It is critical that the U.S. provide the resources to ensure that these agreements function well. This is also true in the Arctic where no existing agreement is in place and where one is critically needed to provide a firmer foundation for protection of that area which is increasingly at risk.

The new UN Commission on Sustainable Development is intended to play a central role in monitoring progress at the national and international levels, not only in implementing the results of Rio, but building upon it. It is important that the U.S. be in a position to support an effective Secretariat but also to ensure that we have the human resources necessary to provide a substantial contribution to the work of the Commission, including a meaningful process for engaging the non-governmental community.

Implementation of Agenda 21 will in the first instance require a substantial effort with respect to an evaluation of its impacts on U.S. activities. To ensure its full realization will require a much more concerted effort within the Executive Branch and the staff to do so including with respect to assessing programmatic needs in specialized agencies. Overall, the Department of State will require a much enhanced capacity fully to address Agenda 21 and all its complexity.

Technology cooperation is an area not only important for promoting sustainable development, but also the economic interests of the United States including marketing U.S. technologies. State, Commerce, AID, TDP, EXIM and OPIC, along with EPA should not only be working and coordinating closely to enhance these opportunities, but will also require a greater capacity to do so.

VIII. Appropriations for Appropriate Technology International, the Inter-American Foundation, and the African Development Foundation

As mentioned earlier in this statement, we believe that the approach of these three institutions embodies the development approach that is needed for the 1990s--one that deserves much more attention, support and replication and that should be reflected still more in U.S.A.I.D. programs as well.

Appropriate Technology International was created in 1976 in response to an initiative of the Congress to provide small-scale enterprises and farmers in developing countries with environmentally benign technologies, access to capital and marketing assistance. For example, in recent years ATI has supported projects promoting organic biofertilizers in Thailand, alternative placer mining technology in the Peruvian highlands to reduce mercury contamination in gold extraction, and projects in Africa to improve technologies and marketing of sustainably harvested extractive products such as Shea nut butter and sunflower seed oil. ATI has addressed the fuelwood crisis in Africa by promoting fuel efficient charcoal stoves in Kenya and Senegal. These are the kinds of projects that we believe deserve more support and replication on a larger scale.

We strongly urge the Subcommittee to appropriate for ATI the amount it is seeking for FY 1994, \$10 million.

The Inter-American and African Development Foundations were established by acts of Congress in 1969 and 1980, respectively. A typical project involves a small grant to women's or farmers' cooperative to promote small business enterprises, or to a local community organization for afforestation. As their names indicate, IAF and ADF support projects respectively in Latin America and the Caribbean, and in Africa.

Last year, \$37.2 million was appropriated for IAF, and \$16.9 million for the ADF. We strongly urge the Subcommittee to appropriate amounts for FY 1994 that will increase in real terms the resources available to these two institutions.

IX. Conclusion

Despite attempts at reform, the environmental record of the World Bank remains distressing for us, and tragic in many cases for hapless Third World rural poor people who happen to be in the way of big Bank-financed projects. A great deal of the problem may lie with the unwieldy, highly centralized nature of the multilateral banks and the fact that their modus operandi is to lend huge sums to government agencies and bureaucracies in the Third World. The World Bank's top overall institutional priority appears to be keeping money moving through the pipeline, and as a corollary, not pressing the Bank's larger borrowers too far on project quality. Until these priorities are changed, we will continue to see unconscionable environmental and social problems in World Bank financed programs.

To repeat, we strongly urge the Subcommittee to reduce IBRD appropriations for FY 1994 and to set down stringent conditions this year that it will start to withhold funding from IDA in FY 1995 until the Bank has fully demonstrated in its operations--not in its rhetoric or policy proclamations--that project

quality and environmental and social sustainability are the top priorities, and until it has totally reformed its restrictive policies concerning access to information by those affected by its projects as well as the public in general. We believe that it is essential that permanent, independent monitoring body oversee the Bank, for example along the lines of an "Independent Appeals Commission" that the Chairman has already raised with the Secretary of the Treasury and the President of the World Bank.

The overall record of large-scale multilateral lending does raises serious questions about how effectively the money is being used, at least in the case of the World Bank. The Bank may have a constructive role to play in lending for health and education, but this consumes a small fraction of its resources, 4.7 and 8.7 percent respectively in 1992. In a large organization that funds over 220 projects a year one can find a few projects that are environmentally benign or beneficial, but these have to be weighed with the overall destructive impact of most of the other projects, the alarming deterioration of the portfolio as a whole, and, most disturbing of all, a propensity we see fully documented in the Sardar Sarovar scandal of concealing critical information and blatantly misrepresenting facts to its Executive Directors. It is sad that the inability of Bank management to sort out and enforce priorities frustrates the sincere efforts of the members of its staff who are sincerely committed to the goals we all share--development that truly reaches the poor and conserves the environment. We believe that with more limited resources the Bank's management may finally be forced to take real actions on making quality rather than quantity a priority; certainly the legislation this subcommittee has drafted and helped to enact since 1985 has not had the desired result.

Concurrently, we believe that future directions in U.S. foreign assistance should as a matter of policy increasingly emphasize bilateral, grass-roots, poverty-alleviation oriented efforts, and debt relief for the poorest nations, not subsidizing huge multilateral loans. In addition, in the post-Cold War, post-Rio Summit world there is no remaining excuse for not making observance of basic human rights and civil liberties a condition for all U.S. foreign assistance, bilateral and multilateral.

Increased appropriations for organizations such as the Inter-American and African Development Foundation, and Appropriate Technology International cost relatively little and may have a big environmental pay-off. These agencies are approaching development and environment challenges in a manner that seems much more in tune with what we have learned over the past two decades, that smaller scale, more flexible programs that directly transfer resources and technology to local communities have a better chance of being in tune with local ecological and cultural conditions than gigantic mega-projects.

Finally, in the post-Rio context, increased appropriations for UNEP and the World Heritage Fund and Center are relatively inexpensive investments in conserving the world's ecological heritage and balance.

61. World Bank Office Memorandum, Highlights from the President's February 22 Meeting with VPs (internal World Bank document), February 23, 1993.

[MEMORANDUM FROM THE WORLD BANK/IFC/MIGA]

DATE: February 23, 1993 05:04pm EST

TO: See Distribution Below

FROM:

EXT.:

SUBJECT: EXCMEMO

HIGHLIGHTS FROM THE PRESIDENT'S FEBRUARY 22 MEETING WITH VPS.

* External Relations. Mr. Preston reported on his recent visit to Scandinavia, Switzerland and Italy. He said that he was concerned by the limited understanding of the Bank's development work in much of the donor community and by the Bank's increasingly negative external image. He stressed that the Bank needs to adopt a pro-active approach to external communications, rather than trying to defend itself ex post against criticism from well-organized environmental and human rights groups.

Mr. Sandstrom noted that there are a number of important events coming up which could affect improve public perception and understanding of the Bank's work, including the 1994 report of the Commission on the Future of the Bretton Woods (BW) institutions, which has been established by the BW Committee under the Chairmanship of Paul Volcker; the History of the World Bank Group which the Bank has commissioned from the Brookings Institution; the 50th Anniversary of the BW institutions; as well as several international conferences planned on major development issues (such as the Cairo Conference on Population and Development in 1994 and the Copenhagen Summit on Poverty Alleviation and Social Development in 1995). The Bank should become more active in shaping and using such events.

Mr. Linn said that, following the difficult negotiations for the Tenth Replenishment of IDA, FPR together with EXT are beginning to explore ways in which the Bank could become more effective in conveying a better understanding and a more positive image of its activities to key audiences in donor countries. He emphasized the need to develop country-specific strategies for managing relations with major donors. All VPs agreed that the Bank should develop a donor-outreach program and a conscious strategy to counteract the negative image generated by NGOs and other critics. Numerous suggestions were made on how to achieve this, including: (i) assigning individual Senior Managers as spokespeople to specific donor countries; (ii) strengthening support services from EXT, including access to a "speech bank", brochures and information on external contacts; (iii) actively reaching out to under-exploited constituencies in developed countries, such as private sector industrialists or major academic centers; (iv) taking a more pro-active role in defining the agenda for debate with Bank critics; and (v) using modern communications techniques, such as mass media advertising. VPs will return to this topic at the VP retreat in mid-March.

FROM THE ECONOMIST INTELLIGENCE UNIT

AID NEWS

Bilateral aid programmes cut —

Following the decision by Western donors in May to suspend new non-humanitarian assistance pending improvements in the government's human rights record several bilateral programmes have been cut. Shortly after the biannual May Donor Consultative Group meeting, the USA announced a 33 per cent reduction in non-humanitarian assistance from \$34 mn to \$22 mn. USAID also announced that it will make no new commitments of quick disbursing balance of payments support and that it "will sharply reduce disbursements of balance of payments assistance under its ongoing programmes, by 50 per cent (\$15 mn) in F-Y 1992 and by an even greater percentage in F-Y 1993" unless broad and significant political improvements occur before the end of the year. Norway has also cited human rights abuses as the reason behind its halt of a \$20 mn development aid package. Several other key bilateral donors, including the UK, had already curtailed their aid programmes prior to the May meeting.

— but the World Bank helps bridge the gap

Despite bilateral donors' refusal to respond to the government's request for nearly \$800 mn in balance of payments and development support at the meeting in May which was chaired by the World Bank, the Bank itself has approved \$199 mn of new loans to Malawi in the nine weeks since the Paris meeting. This represents more than twice the estimated \$74 mn cut off by bilateral donors since their May decision and will undoubtedly undermine attempts by Western governments to use aid as a leverage to elicit political reforms. The World Bank's new commitments include its largest ever loan to Malawi, \$120 mn in combined balance of payments support (\$70 mn) and emergency drought relief (\$50 mn); a \$55 mn loan for construction of a 50 mw hydroelectrical power station; and \$24 mn to help improve local government capacity to manage urban problems. The \$70 mn balance of payments credit is designed to support the country's ongoing Structural Adjustment Programme and is conditional on actions to increase competition in the financial sector, to expand employment opportunities, and to broaden access to health care and education.

According to *SouthScan*, internal World Bank documents indicate that at least some of the new money was specifically provided to cover the shortfall in government finances caused by suspension of bilateral aid. *SouthScan* has also reported that South Africa has provided a concessional credit of \$22 mn to help bridge any balance of payments gap. Malawi is also among 19 African countries eligible to receive funds through the IMF's one year extension, to November 1991, of its Enhanced Structural Adjustment Facility (ESAF) for low income countries.

In response to criticism of their continued support for Malawi the Washington multilateral institutions have made it clear that their articles of agreement prevent them from granting or withholding aid on the basis of political criteria. However, at the next Malawi donors' meeting scheduled for October the USA, the UK and Germany may well refuse to support Bank operations in Malawi unless there is progress on their political conditions. It is unlikely that the Bank will be able to continue to bridge the financing gaps created by further bilateral suspensions. As yet, it remains unclear how the shift in aid composition away from bilateral project and programme aid and towards multilateral balance of payments support will affect the government's predominantly donor financed development budget. The 37 per cent devaluation of the kwacha over the past three months is already starting to create financial problems for the government's ongoing donor funded development projects.

[From the Washington Post, Oct. 21, 1991]

WORLD BANK OFFICIAL TELLS WORLD NOT TO PICK ON CHINA

Dhaka

A WORLD Bank official said on Saturday that the world should not pressure China to make political changes while it is implementing economic reforms.

"China will arrive as a major economic power if the international community does not interfere with its internal development," said Shahid Javed Burki, who heads the World Bank's China-Mongolia directorate.

"Economic development should come first, before so-called political liberalization," Burki said in a talk at a Bangladesh Institute of Development Studies seminar. "I don't know what liberalization means in the Chinese context."

Burki said there has been a "complete swing of the pendulum" of Western attitudes away from China since the Peoples Liberation Army crushed the pro-democracy movement in June 1989 at Tiananmen Square in Beijing.

"Before Tiananmen, the Chinese could do no wrong in the mind of Western journalists, but since June 1989, China can do no right," he said.

In reality, the June 1989 protests had little to do with democracy and a lot to do with "unhappiness with the lack of economic stability," — a result of the economy over-heating in 1988, he said.

Burki predicted that the private sector would dominate the Chinese economy by the year 2000.

"Privatization is a fad developed in the West, and accepted in the East and the South without much thought," Burki warned. "The Chinese must use the state to ensure that the private sector does not grow in such a way that social responsibility is thrown out of the window."

The World Bank official said the Chinese Communist Party could evolve into a loose federation of factions and continue to rule the country the same way the Liberal Democratic Party, which consists of five factions, has ruled Japan since 1945.

"The Japanese have done a slick job of selling their system to the West as a democratic system," Burki said, but "if the Americans understood the Japanese system, then they would be asking the Japanese to carry out the same kind of political reforms they are asking other countries to do at present."

LETTER FROM THE BREAD OF THE WORLD

Mr. James Adams, Director
Operations Policy Department
The World Bank
1818 H Street, NW
Washington, DC 20433

May 21, 1993

Dear Mr. Adams:

Several of us met with you once or twice in the past week and a half to discuss the issues raised by the Wapenhans Report and the "Portfolio Management: Next Steps" document, which was intended to be an action plan for implementing the recommendations of the Wapenhans Report. Our exchanges have clarified our understanding of the challenges the Bank has before it.

Fortunately, the Board and some in management have realized the need to substantially revise the "Next Steps" document reviewed by the Board in its May 4 seminar. It is disturbing that others in the Bank view the problems with "Next Steps" as merely presentational; they believe that the document just needs firm timetables and commitments for reforming portfolio management. In our view, the shortcomings of "Next Steps" are serious and fundamental; they go to the heart of the Bank's approach to the development enterprise.

We do not disagree with the need for reforms to improve the financial quality of loans. Rather we take issue with the fact that "Next Steps" contains no plan to improve the quality of lending in sustainable development terms. The extent to which sustainable development is advanced -- especially the reduction of poverty in environmentally sound ways -- should be the primary determinant of the quality of a lending operation.

Given the facts that the Bank made commitments to sustainable development at the U.N. Conference on Environment and Development (UNCED) and was vested with responsibilities for follow-up to the UNCED, the approach of "Next Steps" is disturbing. For instance, assumptions of the documents that positive development impact will, in many respects, automatically follow achievement of desired economic efficiencies and returns is a dangerous one. For instance, the Bank cites 42% of the agriculture portfolio as having major problems. However, not all of the 58% of presumably acceptable agriculture projects would benefit the poor and protect the environment. Conversely, some of the 42% may benefit poor rural communities in sustainable ways, but fall short of a 10% rate of return. We generally don't know how Bank projects are performing relative to sustainable development criteria.

Perhaps equally unsettling is the observation in the Wapenhans Report of the problems often caused when "programs of special emphases" -- namely projects with poverty, environment, or gender-related objectives -- complicate implementation. How is it that the "overarching objective" of the Bank, poverty reduction, is hardly mentioned in these seminal reform documents except as a factor which often complicates implementation because it is often an afterthought? Clearly, efforts to achieve such central objectives of sustainable development do not constitute the "beef" of Bank operations.

The portfolio management reforms, as presented to date, would focus on the institution's banking identity at the expense of its development assistance identity. This approach fails to: (a) adequately distinguish between reforms which will help insure loan quality defined in terms of attainment of desired efficiencies and

desired rates of return, on the one hand, and steps which will help insure positive development impact, on the other; and (b) clearly differentiate between the economic, social and environmental facets of development impact. Accountability must be social and environmental -- as well as financial -- in nature.

The next "Next Steps" document needs to define loan quality in sustainable development (meaning poverty reduction and environmental protection) terms. In order to accomplish this, we recommend, in the attachment to this letter, the design and required use of: social and environmental project and program indicators, project and portfolio indices (amalgams of indicators), and a new supervision rating system.

We also propose ways to integrate concern for sustainable development into portfolio management reforms in the following areas: (a) social and environmental impact assessments of adjustment and project loans, (b) project ownership and participation, (c) public access to information, (d) risk and sensitivity analysis, (e) country policy dialogue and assistance strategies, (f) supervision, (g) skills mix, (h) reward and promotion criteria, and (i) streamlining operational policies. (See attachment.)

Implementation of all the proposed reforms will be insufficient unless, in addition, there is a realignment of decision-making within the Bank. It is our perception that when the regional and country departments, which are motivated mainly by pressure to lend, come into conflict with the departments concerned with social and environmental quality, the pressure to lend wins out over project quality. The Wapenhans Report recognizes that there is a trade-off between the quantity and the quality of lending operations and that there must be a commitment to reducing the volume of lending where that is necessary to improve loan quality. "Next Steps" does not address the needed fundamental changes in the Bank's decision-making, which are required to insure quality control in during the project cycle.

As a principal author of "Next Steps," we appeal to you to help accomplish the shift away from an excessive focus on "moving money." It requires a commitment to changing the entire culture of the Bank -- from an approval culture (focused on generating and getting approval of project blueprints) to an implementation and results-oriented culture. It will require great tenacity to accomplish this shift.

Perhaps after the June deadline for release of the next "Next Steps" passes, there will be time to discuss some deeper institutional points. In particular, it is troubling that the Bank does not appear to have undertaken a more rigorous analysis to ascertain whether, in this era of hostile external conditions (e.g., the debt crisis, declining terms of trade), the Bank's fundamental policies and priorities are askew.

There should be some reflection upon the manner in which Bank lending has compounded the debt distress of many borrowing countries, and upon the deficiencies of the Bank's excessive preoccupation with economic liberalization during the 1980's. The main problems with an excessive reliance on liberalization are neglect of social and environmental aspects of development and abrupt and socially costly adjustments. Furthermore, the Bretton Woods institutions continue to administer economic liberalization medicine to developing countries that many donor countries themselves refuse.

We hope that this provides a helpful explanation of our views. We look forward to meeting with you to discuss how our attached

ATTACHMENT

**Proposed Portfolio Management Reforms to Achieve Loan Quality
in Sustainable Development Terms**

I. Commitment to defining loan quality in sustainable development terms.

A. Indicators. We are encouraged that the Bank is developing and beginning to expand the use of social and environmental indicators in conjunction with economic indicators to measure changes accomplished by individual projects. We look forward to a Bank which is clearer about what project indicators it is tracking, what the starting points were, and what it anticipates achieving.

As it is, we understand that social indicators are ONLY being developed for social sector lending operations. This would be an unacceptable approach. Social sector lending (education, health, population and nutrition) constituted 13% of Bank lending in fiscal year 1992; the other 87% would not be assessed in any way against social indicators. There is a commitment to develop and apply environmental indicators, although it is unclear the categories of operations to which they would be applied. We welcome the acknowledgement by the Wapenhans Report that: "...environmental goals may be separable from the primary economic goals, or there may be tradeoffs with the project's primary goals. For such operations, it may make sense to track environmental performance separately." (Annex C, Page 19)

Indicators would provide a basis to rank loan quality, not only by overall rate of return, but also by what it achieves in terms of poverty reduction (e.g., net returns to small food producers, real wage levels for poor people, distribution of income, land and other assets, infant mortality and literacy rates) and environmental sustainability (e.g., deforestation rates).

We recommend that a Task Force be established, including NGOs, which would develop guidelines for the design and required use of project indicators.

B. Indices. Whereas an indicator is used to measure whether, or the extent to which, a project contributes to a particular development objective, indices are amalgams of indicators which can measure the record of a project, or an entire portfolio, in achieving an objective, such as poverty reduction. Significantly, the Wapenhans Report proposes development and use of indices:

"Indicators of success in reaching target groups (should) be identified at appraisal, and tracked during implementation. They can be combined into a project poverty-reduction index. In turn, the project indices can be aggregated into a country poverty-reduction portfolio measure, using various index options..." (Annex C, Page 19, "Indexes for the Programs of Special Emphasis)

We affirm this recommendation to develop a "country portfolio performance index", if it includes indices for poverty reduction, environmental sustainability, beneficiary participation. and institutional development.

The Task Force mentioned above (I.A.) should also develop guidelines for the design and required use of project and portfolio indices.

C. Supervision Ratings. As the Wapenhans Report acknowledges, it is important to make the "project supervision ratings more reliable, so that they can play a stronger role in signalling the need for action at the project level even as they provide a more reliable basis for aggregation into measures of country portfolio performance." (Annex C, page 1) The next "Next Steps" document should establish a way to improve upon the supervision rating system. Currently, the "development impact" rating is only one of many components of the supervision rating. Because a supervision rating cannot exceed a "development impact" rating, there is tremendous pressure to see "development impact" through rose-colored glasses. Furthermore the rating system is very subjective -- the current system does not even require the task manager to identify the analytical bases or methodology for rating development impact. It is a non-audited, self-assessment system. We recommend that the next "Next Steps" document call for development of a system for rating "development impact," perhaps using clearly defined indicators as described above, so that one can ascertain the extent to which a project or program contributes to reduction of poverty, protection of the environment and beneficiary participation.

If project task managers are required to assess and predict the likely impacts of lending operations on the poor and the natural resource base, and if these same impacts later form part of the criteria for judging the success of the operation, the social and environmental costs of development operations will have to be internalized. (Bramble, in testimony before the House Banking Subcommittee on International Development)

II. Ways to Buttress Loan Quality, defined in social/environmental terms.

A. Social and Environmental Impact Assessments of Adjustment Loans and Project Loans. It is perplexing that the Bank claims poverty reduction as its overarching objective, but it lacks even rudimentary tools to assess the projected distributional impacts of its operations on the poor. It is vital that more be done to develop and apply such tools.

Unfortunately, monitoring the impact of adjustment on the poor and developing poverty reduction strategies are very low priorities even among adjustment operations which aim to be "pro-poor." Evidence of how effective even social funds and social action plans have been on targetting the poor is limited and mostly anecdotal. (p. 21, "Implementing the World Bank's Strategy to Reduce Poverty") It should be a requirement starting in FY1994 that appraisals for all Structural and Sectoral Adjustment Loans contain a prediction of how the conditions will affect both the natural environment and the poor. The lack of social impact assessments, the inadequate monitoring of the impact of operations on the poor, and the lack of capacity to evaluate the quality of loans based on their contribution to poverty reduction indicates a significant systemic problem.

The Bank should also give much more attention to analyzing the projects and programs it finances in the context of more realistic assessments of global economic trends. For instance, overly optimistic forecasts of commodity price trends can result in poorly performing loans which support commodity exports. The Bank should also look carefully at the collective impact of its 1800 projects on such trends (e.g., the degree to which adjustment loans and agricultural projects supporting increased exports of a narrow range of commodities will depress the market price of those commodities).

B. Project Ownership and Participation. The Bank recognizes that its approach has been to superimpose its desires upon countries, rather than to foster ownership of operations by borrowers. However, it is not clear how the Bank will deal with situations in which borrower policies do not support poverty reduction, environmental protection, and beneficiary participation. The description of the borrower's workshop on project implementation (Wapenhans Report, annex B) does not even mention these sustainable development objectives. The Bank must not simply claim that these are the decisions of sovereign borrowers. Some guideposts of minimum acceptability relating to a borrower's willingness to pursue sustainable development objectives should be satisfied before final appraisal of each project, and relative to entire portfolios.

For instance, the percentage of (a) Bank Poverty Targeted Investment (PTI) operations should increase to over a third of investment lending during the next two years; (b) IDA PTI operations should increase to over a half of investment lending during the next two years; and the portion of PTI operations which involve beneficiaries at the design stage should be at 100% within three years.

C. Public Access to Information. The Wapenhans and "Next Steps" documents call for expanded participation of beneficiaries in lending operations. Clearly, such participation will be of limited scope and value as long as the Bank continues its restrictive information policies. Lewis Preston recently indicated to Congressional staff that the Bank's current policy should be liberalized. It would be significant if this management reform process could make progress in this area.

D. Risk and Sensitivity Analysis: The Bank documents stress the importance of such analysis only with respect to economic, management, and institutional factors, not with respect to development impact (environmental/poverty/participation) factors. The Wapenhans Report (Annex A, page 6) does not mention social risks. We recommend that the next "Next Steps" explicitly call for routine assessments of risks to the poor and the environment and that such assessment be included in the appraisal report.

E. Country Policy Dialogue and Assistance Strategies: The Wapenhans and "Next Steps" documents emphasize the importance of using the country policy dialogue and assistance strategies to strengthen the borrower's capacity to manage the implementation of projects. We recommend that the next "Next Steps" also call for integration of national poverty strategies and environmental action plans into country assistance strategies, and that such strategies and plans be given support through the country dialogue process.

F. Supervision: The recent trend toward enhanced supervision is welcome -- as is the movement toward a greater field presence. The Wapenhans Report defines the "core" supervision responsibilities as -- end-use supervision, enforcement of procurement and disbursement requirements and monitoring of compliance with the loan agreement. (p. 28) Under this scheme, unfortunately, help with implementation, which is often required with environmental impact assessment (EIA) and monitoring processes, is seen as "discretionary." It should be seen as an important investment. We believe that if the Bank invests more time and resources in consultation and participation processes in the early stages of lending operations and in impact assessments, it would pay off. On the whole, such investments would improve project quality and save aggravation and supervision time at later stages. The Wapenhans Report fails to acknowledge that the rigidities of project cycles militate against participatory processes and the integration of

learning during the implementation phase. The next "Next Steps" document should emphasize the need for design and implementation of policies and procedures that permit more participatory processes and integration of learning at all stages of a project or program.

G. Skills Mix. While the Wapenhans Report stresses the shortage of financial, management, public administration, and economic specialists (p. 20), the "Next Steps" document calls for recruitment in areas such as: human resources development, private sector development, environment, natural resources management, procurement and public sector management specialists and social scientists. (p. 14) It is impossible for the Bank to strengthen all skills at the same time. We feel that the next "Next Steps" should accord top priority to hiring personnel with grassroots experience and strengthening skills in the social science and natural resources areas. We also recommend that quantifiable goals be set for strengthening the Bank's skills in these areas. Finally, consideration should be given to creating career streams in areas other than procurement, such as participation.

H. Reward and Promotion Criteria. The reworking of promotion criteria for certain limited occupational streams increases the weight assigned to portfolio management. The three key aspects of portfolio management are identified as: maintaining a strong client focus; building an effective team; and insuring effective implementation. One aspect of insuring effective implementation is working well with project beneficiaries. However, currently task managers are not publicly known. We recommend that task managers be publicly identified for each lending operation in the country concerned, along with an address and telephone number to receive public comments. Furthermore, Task Managers should be expected to play a pro-active role in eliciting feedback from affected parties throughout the life of an operation.

Another aspect of insuring effective implementation is the capacity to pioneer and create new examples of "best practice." While "Next Steps" emphasizes the importance of "best practice" and improves the procedures to make "best practice" the norm, it could do more. In particular, the next "Next Steps" should encourage creative space to pioneer and maintain dynamism in the Bank's approach to development challenges. We further recommend another revision of the promotion criteria to explicitly reward those who successfully engender public participation, experiment, and achieve sustainable development outcomes.

I. Streamlining Operational Policies: We are concerned that in boiling down the Operational Directives to short, approximately two-page Operational Policy (OP) statements which contain key directives for which Task Managers will be held accountable, some of the essential points will be lost or diluted. We would like to help ensure that the key points in current Operational Directives relating to poverty, environment and participation are not consigned to the Bank Procedural and Best Practice documents. We call for ample opportunity for public review and comment on streamlined operational policies and for Board review of all final policies.

STATEMENT OF KORINNA HORTA

In FY 1993 the U.S. Congress passed legislation which makes a U.S. contribution to the GEF core fund dependent on the GEF's ability to meet three basic conditions. In a nutshell, these concern the public's right to obtain information on the GEF projects and related activities of the GEF implementing agencies; the participation of affected people throughout the life of the project; and the highest standards for the

quality control of GEF projects. These conditions do not represent unrealistic expectations. On the contrary, the issues of transparency and participatory processes, which the conditions promote, lie at the very heart of the concept of sustainable development that has been embraced by the largest gathering of heads of state at the Rio Earth Summit last year.

We strongly urge the Congress to continue this conditionality on authorizations for the Global Environment Facility. There are both substantive and strategic reasons which argue against a lifting of the conditions at this critical stage in the restructuring of the GEF. Here we will briefly describe evidence gathered on three GEF projects in three different continents. We will also refer to a GEF project in Egypt which highlights the overarching need to integrate environmental concerns into the development process itself. Furthermore, we will briefly examine the counter-argument being made, which is to go ahead with a U.S. contribution to the core fund with no conditions attached, and examine its implications.

I. GEF PROJECTS

(1) Ecuador. After over a year of intense project preparation, the GEF decided to withdraw financing for the Ecuador GEF project in April 1993. The GEF Ecuador project was intended to be a model for private sector participation in carbon sequestration through the establishment of forest plantations for a large Ecuadorean timber company. The \$ 2.5 million GEF grant was a component of a \$ 12.8 million project investment project prepared by the International Finance Corporation, the World Bank's private sector financing arm. An environmental organization in Ecuador, Accion Ecologica, sounded the alarm about the environmental and social impact of the project. The GEF started by stonewalling any public discussion of the project. However, international environmental organizations supported the Ecuadorean NGO request for a careful reexamination of the project. As a result, the GEF commissioned an independent review of the project which confirmed the NGO concerns:

- a) The scientific basis for the project to store carbon in a plantation forest to global warming is doubtful;
- b) The project, by indirectly supporting logging in natural forest, would lead to the loss of globally important biodiversity;
- c) Part of the project's logging activities would occur in indigenous peoples' forest lands, yet the affected Chachi Indians were not represented in the project;
- d) The future livelihoods of the small farming communities now occupying the land to be converted to plantations during the project would be uncertain. There is the danger of the smallholders selling their plots to the timber company and resettling in other forested areas.

The GEF deserves to be congratulated for having commissioned an independent review and for holding public discussions about the project. Yet important questions still need to be examined. How could this project ever have been approved as part of a work program by the GEF Participants' Assembly and gotten past the scrutiny of the GEF's Scientific and Technical Advisory Panel (STAP)? If the conditions of public access to information, local participation and high standards for project quality control, as mandated by U.S. law, had been met, a whole

year of project preparation, including staff time and project preparation costs, would not have been wasted and Ecuador might now benefit from a much needed project to help stem the country's rapid deforestation.

(2) Kenya. The Tana River Primate Reserve GEF project plans to set up a protected area in the riverine forest ecosystem of the Tana River in northeastern Kenya. The Kenya GEF project is among the first tranche of GEF projects and has been in preparation since the fall of 1991. The area to be protected is home to an indigenous human population, the Pokomo, and to two endangered primate species, the red colobus and the crested mangabey. According to the East African Wildlife Society, a Kenyan NGO which has worked in the Tana Region since 1973, the design of the GEF project is based on the disturbing assumption that protection of the primates can only be achieved if the human population in the reserve is resettled elsewhere.

Resettlement for the sake of conservation - and it remains unclear how the proposed resettlement would be voluntary and at what point it would become involuntary - seems to be a fundamentally flawed approach. The fact that there is no social science expertise on the GEF's Scientific and Technical Advisory Panel has led to the complete lack of guidelines on resettlement and the GEF's relationship to indigenous communities. In February 1992, the United Nations Development Program (UNDP) wrote to the World Bank requesting that the GEF Participants Assembly or the GEF Implementation Committee (which has representation from the three implementing agencies) decide whether resettlement costs can be paid with GEF funds. UNDP believed that this issue was too important to be left to any of the implementing agencies by themselves and refused to participate in financing studies related to the resettlement in the Tana region without a prior policy decision. The Bank simply responded that it did not need UNDP participation in financing the studies. The way the World Bank has handled the issue is deeply disturbing, especially in light of the fact that official Bank policy recognizes that involuntary resettlement may "cause severe long-term hardship, impoverishment and environmental damage" and advises that "involuntary resettlement should be avoided or minimized where feasible, exploring all alternative project designs" (OD 4.30).

The East African Wildlife Society, which has sponsored research in the Tana River area for many years, opposes the resettlement of local people and is convinced that only a collaborative community approach where local people are full partners in the conservation efforts can be successful. Recent studies have found that there were more endangered colobus groups (one of the endangered primate species) living in places inhabited by the Pokomo than in abandoned forest lands. Also, it was only due to the knowledge of local people that new populations of red colobus monkey were discovered in a recent survey. According to the East African Wildlife Society, the upstream construction of dams and of irrigation schemes, some of which financed by the World Bank, has contributed to the degradation of the riverine ecosystem and the habitat of the endangered primate species.

The Kenya GEF project will be a grant component of a larger World Bank loan. Initially, the GEF project was to be attached to a \$ 60 million project entitled "Protected Areas and Wildlife Services". Current plans call for the GEF project to be attached to a larger World Bank agriculture sector loan. What is the logic behind the shift and what is being done to ensure that activities funded under the sector loan will not undermine the goals of the GEF project (for example by increasing irrigated areas upstream, use of pesticides and fertilizers, etc.) ?

According to the East African Wildlife Society, the World Bank has scheduled its first consultation with NGOs in Kenya for May 3, 1993, which is rather late in the process of project development. The invitation was sent out by the World Bank four days prior to the meeting without any accompanying documentation on the issues to be discussed. At this stage it is critical to ensure that the project will not proceed any further without first undertaking a thorough participatory review of the project with the affected communities in the project area.

(3) Laos. Towards the end of May 1993, the World Bank's Board of Executive Directors will be asked to approve a GEF biodiversity protection project and an associated World Bank forestry loan for Laos. The main objective of the project is to promote the restructuring of forest management and conservation in Laos by effectively regulating access to forest resources and logging in the country. The World Rainforest Movement, a Malaysia-based international environmental organization, has monitored this project closely since early 1992 and come to disturbing conclusions: The project will unduly restrict traditional forest uses by local communities and thereby affect about 50% of the Laotian people whose livelihoods depend on their forests. At the same time, the World Bank's forestry loan is likely to promote commercial logging in primary forest, contrary to the Bank's Forest Policy.

No environmental impact assessment was carried out for the forestry project although its focus includes tropical forests and indigenous peoples. There are signs that the project may also include the resettlement of forest dwellers. There has been no adequate consultation with NGOs, local communities and local authorities. The latter finding was corroborated by an internal World Bank report which found that no provisions were made for a participatory development process in and around the areas to be protected under the GEF component of the project, although local community involvement is essential to any long-term conservation success.

The World Rainforest Movement and other environmental NGOs are calling for a revision of the project, including a full environmental impact assessment and consultations with affected communities.

(4) Egypt. It is widely recognized today that global environmental concerns need to be integrated into the development process itself. However, the fact that a vast majority of GEF investment projects is attached to larger, regular World Bank loans raises questions whether environmental standards and criteria are fully integrated into activities funded under the World Bank's regular programs. Indeed, there are indications that the GEF in its current form may have a perverse effect by marginalizing environmental concerns and treating them as add-ons to regular development projects.

The Swiss NGO, Berne Declaration, has documented the case of the GEF's coral reef protection project for Egypt. The World Bank approved the \$ 4.75 million GEF project as an attachment to a \$ 130 million dollar loan to promote the tourism industry along Egypt's Red Sea. In view of the fact that the main threat to the coral reefs is tourism development, the larger World Bank loan should have internalized any costs associated with protection of the coral reefs. The GEF's Scientific and Technical Advisory Panel (STAP) did not have access to documentation on the associated tourism development project when it

was asked to examine the proposal for the GEF project. According to the chairman of the STAP, a much better analysis of the GEF project could have been done if documentation on its larger context would have been made available.

In conclusion, these brief descriptions of four GEF projects demonstrate that removing the conditionality on an U.S. contribution to the GEF core fund would have serious consequences for the quality of future GEF projects. Given the lack of public access to information, it is unclear how many more problem projects similar to the four above are currently being prepared in the name of protecting the global environment. Only if the U.S. maintains the conditionality and actively requests the support of other countries for the U.S. position, will it be possible to weed out projects that are environmentally and socially harmful at the earliest stage before large investments for project preparation are made. This would certainly be one of the most cost-effective ways to protect the global environment. It would also assist the GEF in becoming the open, accountable and transparent entity that it aspires to be.

II. STRATEGIC CONSIDERATIONS

The argument has been made that the U.S. will only be able to press for fundamental changes in the way the GEF conducts its business, if a U.S. contribution is made to the GEF core fund. There is little evidence to support the assumption that U.S. leverage to achieve reform increases once a U.S. payment has actually been made. To the contrary, continued U.S. conditions on a contribution to the GEF core fund coupled with the commitment that the U.S. is willing to contribute its fair share to the GEF or any other financial mechanism that will support global environmental goals, offer incentives that are more likely to bring about the needed reforms.

Removing last year's conditions on a U.S. contribution to the GEF core fund would send the wrong messages:

- a) It would signal to other countries that the U.S. is not committed to the principles of openness, participation and quality control, which are reflected in the conditions, and therefore doom any chances of putting them in practice;
- b) It would signal to the GEF that a restructuring process that is merely a cosmetic exercise is acceptable.

U.S. participation in the GEF is indispensable if the GEF is to be a global mechanism. This provides the U.S. with an unprecedented opportunity to demonstrate international leadership on global environmental matters.

Finally, in addition to ensuring that the U.S. conditions will be met, the ongoing restructuring of the GEF does require some immediate attention concerning the following issues:

- (a) Completion of an independent evaluation of the GEF pilot phase;
- (b) Making GEF Governance more effective by ensuring the independence of the GEF secretariat from the three implementing agencies;
- (c) Examination of possible alternative funding mechanisms for the Climate Change and Biodiversity Conventions.

Important opportunities for U.S. diplomatic initiatives to gain support for the U.S. position will be the GEF Participants' Assembly meeting in Beijing in May 1993 and the G 7 summit in Tokyo in June 1993.

STATEMENT OF BRENT BLACKWELDER, VICE PRESIDENT OF FRIENDS OF THE EARTH

Senator LEAHY. Mr. Blackwelder.

Mr. BLACKWELDER. Mr. Chairman, I am Brent Blackwelder, vice president of Friends of the Earth. At the outset, we want to extend to you, Mr. Chairman, the highest praise for the diligent work which you have done over the years in analyzing the social and environmental problems besetting the multilateral development banks. We think that this committee's record has been absolutely superb in trying to focus attention on those.

We, ourselves, as an organization have invested more than 10 years worth of work trying to bring about reform. I think we have produced, in working with you and other members of the Congress, a remarkable set of directions which the United States has tried to get in place. But as we look at what is going on now, it appears to us that at best we can say some changes have been made at the policy level but they are not reflected in what comes out of the lending pipeline.

Senator LEAHY. I share your concern, Mr. Blackwelder. I might say that I also applaud the work you personally and your organization have done, the same as with Mr. Rich. I think you have done as much to raise the consciousness of people as any of these hearings could possibly do, and I applaud you for it.

Mr. BLACKWELDER. I appreciate that, Mr. Chairman. And we have a very lengthy statement, 40 pages with four appendices.

The last appendix points out, for example, if you look at the World Bank's energy lending for this past year it is heavily dominated by coal-fired fossil fuel development, giant hydro, projects which have maximum social and environmental impacts, and they are not taking advantage of all of the very promising and cost-effective lending which could occur for energy efficiency and renewables. And this is really a shame because at a time when there are so many attractive and beneficial ways in which we could be spending money, it seems to us there is no excuse for spending money on projects which really harm people.

And as we look to the future, two of the major projects in the World Bank's pipeline, a series of giant loans for coal fired development in India, a huge hydroelectric scheme in Nepal which will adversely affect the lives of 32,000 people when, for example, for the same amount of money you could get 2½ times the energy through efficiency in microhydro development without having any of those social impacts. So it appears to us that maybe the only way to get a message through to the World Bank is not to provide money and see what happens.

We wanted to give a couple of other illustrations of some contradictions that are going on in U.S. policy. While the World Bank was approving a loan last year for the Yacyreta hydro development project in Argentina, our own Export-Import Bank was actually approving a loan, our own executive director was voting against it, and our Export-Import Bank was approving a loan for the turbines.

Then we have, to skip now to the European Bank for reconstruction and development, we found ample evidence on substantive grounds that this bank was not really performing. But recent revelations suggesting that they were spending more time retrofitting

their office and having Christmas parties in the private planes for Mr. Atta Li seems to us to suggest there are better ways we can spend our money, and we appreciate the work you did last year in flagging that.

Senator LEAHY. I do not think there is much chance this committee is going to vote any money for them at all this year. We have got enough demands on our money where it can actually do some good, and redecorating lobbies of banks is not what I have in mind.

Mr. BLACKWELDER. Yes; it does not seem to have too much benefit for the poor to have new marble in their headquarters.

One other point we wanted to make, to shift to a problem in Africa, we have been concerned about the situation in Somalia and the fact that four famines have occurred in Africa in the last 20 years. But most all of the attention at each famine is on short-term disaster assistance rather than on long-term environmental rehabilitation. And we had urged the continued presence of U.S. troops to allow sustainable development projects to go on and a real rebuilding and rehabilitation of the destroyed and damaged environment in Somalia to allow ample production of food for self-sufficiency.

Senator LEAHY. What do you think? What do you think the current activities will do to affect that right now?

Mr. BLACKWELDER. I think we lost our chance by prematurely withdrawing U.S. troops.

Senator LEAHY. I am thinking of the fighting that has taken place in the last 3 or 4 days.

Mr. BLACKWELDER. It appears that the situation is deteriorating. There was some hope that some stability could be restored because it is very hard to get the rehabilitation underway in times of unrest. We had achieved that stability and then we walked away from it prematurely, at the very time we had many opportunities. There is no shortage of imaginative, small-scale rehabilitation and restoration efforts that could occur. So we include a section on that.

PREPARED STATEMENT

And I might just say in conclusion that we try to point out a variety of smaller funding for some international programs, on the order of several hundred thousand dollars to world heritage programs and so forth which could do a tremendous amount of good in contrast to the millions and hundreds of millions spent on counterproductive development schemes. And we hope that the committee could pay some attention to those suggestions.

Thank you very much, Mr. Chairman.

Senator LEAHY. Thank you. Thank you, very much.

[The statement follows:]

STATEMENT OF BRENT BLACKWELDER

I. Introduction

Friends of the Earth is pleased to have the opportunity to testify today about a group of international institutions that ought to be playing important roles in protecting the environment and promoting sustainable development. Unfortunately, in spite of excellent advice and recommendations from Congress in recent years, there has been little progress on the part of the World Bank, International Monetary Fund and a number of the other institutions that we will describe. For fiscal year 1994 we would like to see a fundamental shift in the U.S. foreign aid program.

We call on Congress to be even more demanding on those institutions that are continuing to harm the environment and the very people they are supposed to be helping. In some cases, this will mean cutting the U.S. share of the funds they have requested. In others, it means being more explicit in instructing U.S. representatives how to promote the reform agendas outlined in previous laws.

II. Overview of Failure at the World Bank

The World Bank is widely viewed as an institution that has demonstrated its inability to promote environmentally sustainable projects. Its withholding of most of the information generated in project preparation, its failure to provide for local participation on the part of its putative beneficiaries, and the poor quality of its projects are causes for deep concern.

Two recent reports--by the Independent Morse Commission on the grotesque situation existing around the Narmada Sardar Sarovar Dam project, and the Bank's Vice-President Willi Wapenhans--describe an institution whose overwhelming priority is to move money quickly, whatever the price in systematic violation of its environmental, economic and social policies. Mr. Chairman, we submit that profound changes are required to make environmental quality and social equity the WB's top priorities, rather than lending targets.

As a start, the U.S. should seek G-7 support for withholding funding for IDA, the GEF and other World Bank affiliates until a reform plan is in place and operating successfully. In this context, we urge that Congress outline a new plan for changing the nature and behavior of the Bank. The WB needs to change its direction and procedures to make it possible to promote sustainable development that is socially, environmentally and culturally sound.

The US should put forward an agenda for change at the WB that includes the following points:

- * full implementation and enforcement of existing Bank policies on environmental assessment, forcible resettlement, and all substantive policies, coupled with a concerted effort to make project quality and poverty alleviation the highest priorities. This should require appropriate benchmarks and measures of success;

- * ensure that affected people and knowledgeable NGOs are involved in WB projects from the earliest planning to monitoring after construction, and in structural adjustment plans proposed by the Bank. An indispensable condition is that affected populations have full access to information on Bank activities, as well as the general public in member countries;

- * revise national income accounts to take into account loss and degradation of biological and natural capital, and the impact of pollution on human health and ecological systems. The Bank (along with the International Monetary Fund) should be leading the

effort to develop new methodologies along these lines. This will require creation of a new Working Group composed of experts from other institutions and the private sector, which we hope Congress will endorse this year;

- * empower women, through a new commitment to investment in resources for women, including access to capital, land, education and health clinics. Women's participation is essential in the design, development and implementation of programs, and women should be much better represented at all levels of the Bank and Fund hierarchies. A related objective should be to ensure (in concert with other organizations and aid programs) that every woman desiring family planning information, services, and products is provided with them;

- * focus on basic societal infrastructure by investing mostly in schools, health clinics, clean water, sewerage, justice systems, libraries, mass transit, etc., to prepare people and societies with the tools allowing them to live productive and decent lives;

- * update agricultural policies to integrate environmental considerations into all agriculture sector lending;

- * reorient the Bank's energy portfolio toward least-cost investments in energy efficiency and renewable energy, and develop and implement a program to fight global warming. Involvement with some energy projects should be closed out, including Narmada, in close consultation with the country and people involved about alternatives; and

- * create an Independent Appeals Commission, which would hear and act on complaints of environmental and social abuses in specific projects, and would have full access to Bank project files.

We would note that the Development Committee has the mandate to advise the Boards of Governors of the World Bank and the IMF on all aspects of the transfer of resources to developing countries. Its next regular meeting is in April, here in Washington. In the past the Development Committee has not been a very effective forum for promoting U.S. proposals regarding reforms of the World Bank and IMF. We urge that the Clinton Administration make it a high priority to use the Development Committee in new ways, to lay the foundation for change.

A. Energy Lending

The World Bank approved funding for 28 energy sector projects in Fiscal 1992. Appendix IV provides a breakdown of these 28 projects. Not a single loan had as its primary purpose the support of end-use efficiency improvements among electricity consumers, and only a handful of projects contain even small components targeting efficiency increases. Instead, many of the projects funded large scale energy generation, including five projects designed to promote oil and gas development, seven projects to construct thermal power plants, and five projects to construct hydropower plants. While several loans were made for "Energy Efficiency Projects," these funds will actually be used to rehabilitate or expand countries' generating and distribution capacity and not to increase efficient energy end-use in those countries.

The World Bank has spent the last six years struggling to systematically incorporate environmental concerns into its project approval process, and, according to The World Bank and the Environment: Fiscal 1992, "The important events of 1992 can be thought of as marking the transition from the first phases [of this process], one of efforts to integrate the goals of environment and

development, to a new phase in which particular attention will be given to the implementation of these policies, so that actions will more consistently correspond to agreed principles." However, Friends of the Earth's examination of the energy sector projects funded by the World Bank suggests that there is no such transition. In Fiscal 1992, as in previous years, the vast majority of money disbursed by the Bank as energy sector loans supported the construction of large fossil fuel power plants and dams. In funding these projects, the Bank missed the opportunity to help developing nations meet their power needs in the most cost-effective and environmentally sound way possible: by funding projects designed to improve energy efficiency.

Many of the loans are funding energy projects that are environmental disasters. The Ertan Hydroelectric Project in China will force 30,000 people out of their homes, while elsewhere in China the Daguangba Hainan Project will displace another 21,400 people. Another World Bank loan will help Egypt fund the expansion of the Kureimat Thermal Power Plant on prime riverfront land along the Nile that is now home to five endangered species. The Malawi V Project on the Shire River in Malawi will flood part of the Majete Game Reserve that provides critical protected habitat to the fifth largest elephant population in the country. The Third Power System Development Project in Thailand includes a dam that will submerge 60 square miles of diverse riparian habitat and will force 1,500 people from their homes.

Even the projects with less visible impacts will significantly affect the global environment. The new thermal plants funded by the World Bank will add tons of greenhouse gases and chemicals that create smog and acid rain to our atmosphere each year. They will also generate solid wastes and effluents that can contaminate drinking water in rivers and underground aquifers.

Improving energy efficiency is now widely accepted as the cheapest way to meet increasing demand for electricity. Pacific Gas and Electric, the largest private utility company in the U.S., plans to meet 75 percent of the increased demand it will face in the next decade by increasing its customers' energy efficiency. Many developing nations have the potential for energy efficiency gains even greater than the U.S. because much of their technology base is significantly outdated and inefficient. Efficiency improvements not only provide the least cost means for developing countries to meet their growing energy needs, they also strengthen the industrial sector in the developing world by making its industries more productive and competitive in global markets.

Improving energy efficiency is also the key method of meeting expanding electricity demand that has a positive impact on the environment. Improved efficiency allows an economy to produce more goods that people need without requiring additional generating capacity. This conserves limited nonrenewable energy resources for the future and avoids impacts associated with thermal, hydroelectric, and nuclear power generation. In short, increased efficiency not only leads to a healthier economy, but a healthier environment as well.

The social environmental impacts of the World Bank's 1992 energy portfolio include increased air pollution; destruction of very important wildlife; massive dislocations of rural people; habitat for endangered species; degradation and destruction of free flowing rivers.

Since many developing nations already have crushing foreign debt burdens, it is critical that they meet their energy needs in the least costly way possible. Increasing efficiency not only provides this least cost solution, it also increases local

industrial competitiveness while protecting the overtaxed natural resources of the developing world. Yet the World Bank's energy sector loans for fiscal year 1992 go in precisely the opposite direction: they continue to feature large scale, destructive energy generation projects. This policy will hurt the economic and environmental health of developing nations, both of which the World Bank is pledged to help. The developing world, the contributing nations, and the global environment cannot afford the costs from the World Bank's shortsighted energy policy. It is far past time for the Bank to dramatically increase its efforts to fund energy efficiency improvements in the developing world as the primary focus of its energy sector loans.

B. IFC and Structural Adjustment

Friends of the Earth would like to call the Committee's attention to two important trends in MDB lending: first, the increase of Structural Adjustment lending and second, the increasing importance of private sector lending. Both trends have profound environmental consequences and allow the MDBs to evade considering their operations' long-term impact.

As pressure builds on the MDBs to lend ever more money, Structural Adjustment loans are becoming more and more common. For example, in Central and Eastern Europe, where lending has boomed in the last 3 years, 30 percent of World Bank lending is for Structural Adjustment loans. In the rest of the Bank's portfolio, around 12 percent is for Structural Adjustment. Although these loans may have tremendous long-term consequences, the World Bank does not undertake environmental assessments on the conditions that it attaches to these loans. A recent study by Robert Repetto at the World Resources Institute analyzes the effects of structural adjustment programs on the Philippines' environment and finds that adjustment programs led to rapid liquidation of the country's natural resources. This study, along with similar stories we are hearing from around the world, show that the environmental consequences of adjustment programs must not be ignored.

At the same time that MDBs escape environmental scrutiny by expanding structural adjustment lending, they are also escaping it through their private sector lending. Industries are often privatized as part of the conditionality of MDB and IMF adjustment programs. These newly-privatized bodies then become candidates for loans from the private sector arms of the MDBs such as the IFC and

the Merchant Banking division of the EBRD. This allows environmental assessments to be evaded. For example, we believe the Bio Bio dam project in Chile (see below) would have had great difficulty passing the World Bank's regular environmental assessment procedures. Now that the Chilean power sector has been largely privatized it has become possible to channel funds to the project through the IFC without the same environmental analysis or citizen involvement that would have been required if the IBRD had undertaken the project.

Consequently, while this Committee has over the years helped propel the Banks to new procedures and environmental awareness, the in lending seem to be moving more and more money outside the channels where new procedures have been established.

In 1992 the IFC took the initial step to destroy the "Grand Canyon" of Chile, by providing money for the first dam on the Bio Bio River. The IFC took this action despite widespread opposition to the project in Chile, despite litigation pending against the project in Chile, despite the existence of superior energy alternatives, and despite the fact that the Bio Bio River is of world heritage calibre and merits the highest level of

environmental protection. Furthermore, the IFC made a mockery of environmental assessment when it indicated that it would review the cumulative impact of dams on the river when it proceeds with support for the second of six planned dams.

We are also concerned that the IFC has loaned money for the construction of a dam in Belize which would destroy tropical rainforests, again without thorough environmental assessment.

C. Wapenhans Report

The seriousness of the present situation is verified by Mr. Willi Wapenhans, World Bank VP and head of the Portfolio Management Task Force, in his confidential internal review of World Bank projects. Specially appointed by World Bank president Lewis Preston to review the Bank's supervision of its \$140 billion in outstanding loan disbursements, Mr. Wapenhans has written a damning indictment of the declining trend in quality of the Bank's portfolio.

The problems that Probe International and Friends of the Earth found with the Three Gorges feasibility study, and the problems the Independent Review Team found with the Sardar Sarovar dam project in India, Mr. Wapenhans found were rife throughout the Bank's portfolio. In this, he verifies the more generalized conclusions of the Morse Commission's Independent Review of Sardar Sarovar. Every director and public official connected with the World Bank should read the entire text of these two documents.

The Bank's pervasive preoccupation with new lending, Mr. Wapenhans discovered, has resulted in a "promotional -- rather than objective -- approach to appraisal," and the Bank's "reluctance to take a firm stand with Borrowers is reflected in the prolonged survival of 'problem projects'." Borrowers' non-compliance with legal covenants in loan contracts - especially financial ones - is, as the Wapenhans report describes it, gross and overwhelming.

More than one-third of all World Bank projects are failing, Wapenhans found, while he described the deterioration in the Bank's portfolio performance as gradual, steady and pervasive: "It is easy," Mr. Wapenhans warned, "to become alarmist about these trends." The study shows that the bigger the project, the more likely it was to fail. Bear in mind that this analysis is only based on the Bank's economic criteria. The record would be even sorer if environmental and social criteria were also honestly evaluated.

D. Yacyreta Dam (Argentina)

This project illustrates the folly of throwing good money after bad. Having provided \$460 million to this construction boondoggle in 1979 and 1988 in prior loans, the Bank approved another installment of \$300 million last fall (with conditions which are discussed below).

There is serious concern that the dam will be filled to a height of 83 meters above sea level which would cause an estimated 50,000 people to be evicted from their homes and businesses, as substantial parts of the cities of Posadas (Argentina) and Encarnacion (Paraguay) are inundated. This reservoir would destroy or permanently alter four biologically distinct ecosystems, including one of the southernmost tropical rainforests in South America. Unique wetland and grassland ecosystems, riverine forests, and freshwater marshes would also be inundated.

The history of the Yacyreta Project is one of corruption, mismanagement, and cost overruns with completion costs now

estimated at 4 to 6 times that of the original estimate. The implementing agency Entidad Binacional Yacyreta has a huge debt with arrears to contractors on the order of \$300 million. Considering that several billion more would be needed for satisfactory completion of the project, it is past time to say enough is enough; yet the Bank proceeded with another loan.

The project as it proceeds violates four major World Bank policies: on environment, large dams, involuntary resettlement, and indigenous peoples. The same mistakes made at the Narmada Project are being repeated at Yacyreta.

Despite these serious concerns, the World Bank approved the loan for Yacyreta, hoping that some loan conditions would help remedy the worst aspects. Such exhortation and promises have been made on the Narmada Project and many other big Bank projects, but when 78% of loan conditions are not complied with (as the Wapenhans Report Indicated), there is little prospect for a sound outcome.

E. IDA Replenishment

The U.S. Government's Negotiating Points for IDA 10 were not bad, but given the record of IDA lending during the past few years, we don't think our representatives went far enough. The NGO community put forward a detailed set of suggestions, which are attached as Appendix 1 to this testimony.

As the December negotiating session began, Friends of the Earth called for a moratorium on US funding. Evidence of IDA practices and projects in the field has led us to conclude that IDA is not worthy of financial support from U.S. taxpayers. The often cited "progress" at the World Bank in recent years has amounted to little more than exercises on paper. Harmful IDA projects continue to be pushed through the pipeline.

1. IDA-9 Negotiation

In the IDA-9 negotiations Deputies asked that IDA make poverty reduction central to its focus. To that end, the staff have produced volumes on the topic, namely the Poverty Policy Paper, the Operational Directive on Poverty, and the Poverty Reduction Handbook. In concert with the IMF, Policy Framework Papers have also been churned out.

On the environment, IDA-9 Deputies asked for National Environmental Action Plans for all active borrowers, and more application of environmental assessments. IDA points to these plans, the revised Environmental Assessment Operational Directive, its new Forestry Policy, and the 1992 World Development Report on the environment, as proof of its progress on the environment.

But writing tomes and making promises - which anyone can do - has done nothing to stop IDA projects currently underway from hurting the poor and their environment. Even worse, they have done nothing to stop more harmful IDA projects from entering the planning pipeline and getting approval.

2. The IDA Record

The most telling example of this flagrant gap between rhetoric and reality is the Sardar Sarovar project in India. This project will force over 240,000 people off their land, causing untold economic, physical, social, cultural, and spiritual hardship. IDA management has known about this human crisis for many years and yet never suspended disbursements of the IDA credit. It is no defense that the credit was originally approved in 1985, prior to IDA-9 and its poverty focus. At the time of signing, IDA projects were

subject to numerous policies which, had they been rigorously applied, would have made it virtually impossible for the project to get the green light.

Given that the Sardar Sarovar Project was approved, IDA staff had the duty to ensure that the Indian and state governments abided by the minimal conditions in the loan contract. When they did not, IDA had the duty to suspend disbursements. It did not.

Some IDA Governors may say that Sardar Sarovar Project is an exception, but it is not. The Independent Review Team concluded that "the problems besetting the Sardar Sarovar Projects are more the rule than the exception to resettlement operations supported by the Bank in India." The same could be said for numerous other countries. The following projects - all in the planning pipeline funded by IDA-9 - illustrate the fact that IDA continues to routinely fund harmful projects, giving lie to its rhetoric. Here are some examples, which were compiled by Probe International researchers in Canada, with whom FoE works closely:

1. As part of the Bangladesh Flood Action Plan (FAP), \$115 m. of IDA funding is earmarked for the "River Bank Protection" project. The multi-billion dollar FAP will attempt to tame the highly mobile and silt-laden Ganges, Brahmaputra, and Meghna Rivers with the construction of thousand of kilometers of continuous embankments along the lengths of the rivers to funnel water from Nepal and India out to the sea. If the FAP goes ahead, it will displace five million people. According to Mohiuddin Ahmad, a Bangladeshi environmentalist, "the displaced people are likely to squat around urban centers joining the pool of slum-dwellers, as no investments are likely to be made for their rehabilitation in the near future."

2. In China, IDA \$37 m. is slated for the Daquangba Multipurpose Project, which will resettle about 21,400 people.

3. Also in China, \$400 m. of Bank/IDA loans is in the works for the Xiaolangdi dam on the Yellow River, which will require the forcible resettlement of 190,000 people.

4. In India, two more loans worth US\$475 m. are in the works for the controversial Sardar Sarovar Projects: Sardar Sarovar Canals II project, IDA \$150 m./Bank \$225 m., and the Narmada River Basin Development project, IDA \$100 m.

5. In Nepal, a \$115 m. IDA loan is slated for the Arun III Dam. According to Dipak Gyawali, a Nepali engineer/economist, the Arun III dam "has been propagandized as cheap but whose estimated cost is reaching the one billion dollar mark...the assumptions that have gone into NEA's [Nepal Electricity Authority] "least Cost Generation Expansion Plan", which justified Arun III, were shamelessly concocted." And USAID has warned that the 200 kilometer access road, required to construct the dam, could result in "unregulated and illegal removal of marketable timber and other forest products during and after construction...severe gully erosion can occur."

6. In Malawi, the IDA \$55 m. Power V loan will finance, among other things, the Kapichira Dam. This dam will destroy the fisheries on which thousands of people depend for their livelihood and their protein. It will also flood part of a game reserve. A wholly inadequate environmental assessment was done (omitting, for example, the need to control soil erosion and the subsequent problem of sedimentation); and the families who will be forcibly resettled by the dam have not been informed.

7. In Benin, the Adjarala Hydroelectric Dam, IDA \$30 m. on the Mono River will displace about 10,000 people.

8. In China, the World Bank's record to date on the Three Gorges Dam on the Yangtze River is worth considering briefly.

o In 1986 the Canadian International Development Agency financed a \$14 million feasibility study for the Three Gorges dam, and the World Bank supervised the study to ensure its soundness. The purpose of the study was to "form a basis for securing funding from international institutions." The Canadian engineers who carried the study out recommended that the dam be built at a height that would displace three-quarters of a million people, nearly the entire population of Saskatchewan. The benefits of doing so outweighed the costs, they claimed.

o When Probe International heard of the engineers' conclusion they and other NGOs were stunned. But NGOs that wanted to look at the calculations were rebuffed by the World Bank, which refused to provide a copy of the Three Gorges feasibility study. Eventually the bulk of the study was made public informally.

o Probe contacted nine colleagues from around the world - an engineer, an economist, a chemical limnologist, and so on - and asked them to go through the feasibility study carefully, to look at how CIDA, the engineers, and the Bank had valued the costs and benefits for the millions of people that would be affected. Their findings were published in the book "Damming the Three Gorges: What Dam-Builders Don't Want You To Know" -- which has been made available to U.S. decision makers.

o What these experts found was shocking. **The feasibility study was inconsistent, systematically biased, and incomplete.** For example, the Bank, CIDA, and the Canadian engineers left 500,000 people to live in the active flood control area around the perimeter of the reservoir, where they would be subjected to flooding: moving them would have increased the project's costs by 20%. As for the submerged spillway bays - 27 in all - the engineers were confident they could design, construct, and operate them, even though their discharge would be "well beyond the proven world experience."

o When it came to predicting the dam's flood benefits - its main purpose - the engineers used an analytically crude method because the data wasn't available to do a proper hydrodynamic analysis. Their seismic analysis was incomplete and unjustifiably optimistic, and as far as we can tell (the engineers managed to delete certain sections of the feasibility study before releasing it to Probe), they didn't even review the Chinese data on sedimentation before declaring the Yangtze's massive silt load a non-problem.

o The expected costs and benefits of this development scheme, it appears, were based on unsubstantiated engineering and compromised economics: costs were systematically underestimated and benefits overestimated.

o The Three Gorges feasibility study - the first feasibility study for a mega-development project ever released for public scrutiny and independent peer review - was supposed to be, according to CIDA and the World Bank, the best feasibility study ever done, a state-of-the-art study to which all others would strive. But if this was the best, no wonder so many World Bank projects are failing to perform as planned.

All of these projects are being instigated, planned and/or implemented right now, making a mockery of the claim that the conditions of the IDA-9 replenishment have made any difference to the environment or the poor.

Even if IDA did scrupulously abide by all its guidelines - every policy, framework paper, plan, report, operational directive, and handbook it had ever produced - and that is a big if, IDA would still be a dictatorial institution. It would still be essentially unaccountable to the people whose lives are directly affected. The people affected by IDA projects would still not have the final say over those projects; all the ultimate decision-making power would still reside in the Executive Directors, who do not have to live with the consequences of their decisions, and in essence would remain in the hands of the World Bank's staff, which hides many important details of projects even from its Directors and Governors.

No law of any land can, apparently, touch IDA or the World Bank. People hurt by IDA projects cannot sue the institution, its staff, or its Executive Directors. They cannot sue when IDA policies and guidelines are flouted, nor when harmful projects are approved, nor can they sue for damages suffered as the direct and proximate result of World Bank misfeasance, non-feasance and malfeasance. IDA and the World Bank are elusive, unaccountable, and secretive, changing the tune to suit the mood of the day: the environment one year, the poor the next.

Legal immunities, the Articles of Agreement, the procedures for amending those articles, the voting structure of the Board of Executive Directors, the multilateral nature of the Bank and the demands of diplomacy that flow from that nature, and the coinciding interests of member governments at the expense of their peoples, all have helped make democratization of the World Bank an illusion.

World Bank guidelines indicate a deeply embedded notion that experts know what "development" is better than the billions of people in the Third World do. The guidelines in the Bank's "Directive on Involuntary Resettlement" are particularly insidious: these guidelines are based on the fundamentally flawed premise that it is right and proper for the Bank and its borrower governments to violate the property rights of Third World citizens in the name of progress and the national interest.

The livelihoods and environments destroyed because of this authoritarian attitude are incalculable: just a sample of the World Bank hydro dams for which we have numbers indicate over 1.5 million people were forcibly displaced, most without proper compensation. At least another half-million are slated to lose their land to hydro dams and other projects now in the World Bank's pipeline.

The consequences of forced resettlements cannot be underestimated. Eminent anthropologist Thayer Scudder calls forced resettlement the worst thing you can do to a people, next to killing them. What should be unthinkable has become routine, and the World Bank's "Directive on Involuntary Resettlement" has become an instrument in a dreadful form of institutionalized abuse.

The guidelines in the "Directive on Environmental Assessment" also reject the right of those hurt by a project to negotiate with its proponents, and to ultimately decide whether a project proceeds. Affected parties have no right to see project documents, nor to examine and challenge the often compromised interests of the proponents. The Bank's "Directive on Disclosure of Information" instructs World Bank staff to consider who is requesting the information, their reason for seeking the information, and the purpose to which it would be put, before releasing that information.

3. The NGO Response to the IDA Record

During the past few years, grassroots groups in the Third World have started getting the information out to their

counterparts in the North. Those counterparts have tended to be not the traditional development NGOs, but environmental and indigenous-rights groups. These activists didn't have a history with the World Bank. They weren't in awe of the Bank and they weren't impressed by what they saw. The Bank was treating Third World people and their environments in ways that would never be tolerated in the Northern countries, in ways that would land Northern governments in court, or bring people out on the streets in opposition. These activists, working together with southern grassroots groups, started exposing the evidence and demanding justice from the Bank.

For many years Friends of the Earth and its partners have been working with citizens groups from around the world to stop environmentally disastrous projects financed by the World Bank. For ten years we have been accumulating more and more evidence of environments destroyed and economies undermined by World Bank loans.

This growing worldwide movement of groups has made a sincere and concerted effort to reform the World Bank. Countless petitions have been collected, endless meetings held, regular telephone calls made, proposals for disclosure of information and environmental reviews submitted, and demands made to shift the decision-making power to the citizens who must pay for World Bank activities with their environments and their economies. The U.S. Congress has been an honest partner in this effort, on a bipartisan basis.

Now, on reviewing the past decade, and especially in light of the extraordinary events surrounding the Sardar Sarovar dam project in India, we regretfully conclude that these global efforts have failed. While some changes have occurred at the World Bank as a result of this unprecedented attention to its activities, we believe these changes have been superficial. They have failed to make the World Bank an instrument of good government and have failed to stop harmful projects from being approved.

We have succeeded at only one thing. After years of experience with the day-to-day operations and decision-making procedures of the Bank, the public today is better informed about World Bank operations than at any other time in its history. What we have learned suggests that the World Bank is not reformable. Changes in response to the criticisms leveled against the Bank have been toothless and, ultimately, largely irrelevant. Additional environmental staff have been relatively powerless to change the actual outputs of the institution.

The annual environmental report is nothing more than a public-relations document, and one that embarrasses the Bank rather than redeeming it. The first report claimed that the notorious Polonoeste project, which was responsible for massive destruction of the Amazon rainforest, wasn't all bad because it helped to raise public consciousness about the need to protect the Amazon.

The billion-dollar Global Environment Facility (GEF), now housed at the World Bank, is a blatant attempt to buy environmental respectability for the Bank while the Bank continues to allocate its current \$20 billion annual budget on environmentally and socially destructive projects.

The Bank implies that its environmental problems are trivial. It portrays them as something that Northern NGOs are irrationally preoccupied with, as something that can be fixed by operational directives, by a World Development Report, or by a "Green Fund". In fact, the Bank's environmental woes are just the tip of a very big iceberg, and the environmental scrutiny to which the Bank has been subjected over the past decade is forcing the truth to surface.

Widespread and unrelenting evidence of environmental and social harm caused by the Bank, growing evidence of financial mismanagement, and the experience of the past few years have demonstrated to citizens around the world that the World Bank does not operate with the accountability that make public institutions legitimate and that foster sustainable, constructive development.

But it is the Bank's response to the crisis in the Narmada River valley which is so revealing and which must guide policy makers now. Despite the overwhelming evidence that the Bank should withdraw from Sardar Sarovar, and despite opposition from the Canadian, American, Japanese, German, Australian, and Norwegian executive directors, the World Bank's Board voted to accept the staff's business-as-usual approach.

The message to us, as the taxpayers who keep the Bank going, is clear: As the U.S. Executive Director to the Bank said, it sends a signal that "no matter how egregious the situation, no matter how flawed the project, no matter how many policies have been violated, and no matter how clear the remedies prescribed, the Bank will go forward on its own terms."

4. Present Position of Friends of the Earth

For all these reasons Friends of the Earth calls upon the U.S. Congress not to agree to fund IDA-10. To the extent that there are elements of IDA's lending, such as its "Population, health and nutrition" and "Education" projects - currently 19% of IDA's budget - are doing valuable things and are actually benefitting people without harming them, those elements should be covered through direct bilateral grants and other forms of concessional aid.

Although this statement does not include an evaluation of projects in these categories - it is worthwhile noting that there are anecdotes about universities being built with no provision for professors' salaries, and of libraries being built with no provision for books. In other words, just because a project falls into the "Population, health, and nutrition" and "Education" categories does not necessarily mean it is a good project. The fact that IDA does fund the occasional benign project provides no justification for replenishing IDA as the institution is presently set up and run.

It is not as if IDA is the only game in town for supporting development. Development that is truly sustainable - that comes from, and is for, the local community - can be financially supported through a myriad of other mechanisms. Local cooperatives, credit banks for the poor, like the Grameen Bank, small sums of foreign aid channeled through NGOs, user fees and tolls, savings bonds, and shares, are just some of the ways that communities around the world finance projects and programs that better their lives in spite of IDA.

F. GEF

Restructuring of the GEF, a critical issue related to North/South assistance that has been addressed in UNCED and other fora, needs to be completed at the end of 1993 when the GEF's current pilot phase comes to an end. GEF governance reform is needed to accommodate the Climate and Biodiversity Conventions and to increase the GEF's legitimacy as the world's principal multilateral mechanism in control of green aid flows. To its credit, the Bush Administration took the provisions of US law seriously, which call for public access to information on GEF projects and associated World Bank loans, public participation in GEF projects throughout the project cycle and improved oversight of the quality of GEF projects -- benchmarks which must be met before direct US contributions to the GEF core fund can be made. However, the Bush Administration's lack of strategy and political will to

gain international support for these vital issues and its general lack of environmental credibility was counterproductive.

An independent and open evaluation of the GEF pilot phase is needed to learn from its successes and failures before decisions on expanding the scale and scope of the GEF are taken. While defending a tough position on transparency, public participation and quality control of projects, the Clinton Administration should actively pursue a strategy of consensus building with other governments. This will require that the US be ready to contribute its fair share to any global financial mechanism as soon as these basic conditions are met. The current lack of environmental leadership on a global level offers the Clinton Administration a unique window of opportunity.

The Congress and the Clinton Administration should make it clear that independent of the many possible governance mechanisms, there are two bottom line issues that are non-negotiable: Transparency, access to information and public participation on the one hand, and project quality control on the other. Concrete US initiatives should include:

- 1) whatever voting mechanisms the GEF will establish, projects should only be approved if there is a very high degree of consensus among all parties represented (for example 80% of the vote). The US should call for an independent and public evaluation of the GEF pilot phase, which would look at both the effectiveness of project execution and monitoring as well as the process whereby projects are chosen and funding decisions taken. The evaluation should also examine the basic premises of the GEF and its impact on the main body of World Bank lending, since Bank lending dwarfs by comparison the GEF's lending portfolio. The US also should call for NGO observer status at all meetings of GEF participants; and

- 2) request that the option of making the GEF Secretariat independent of the GEF implementing agencies be seriously explored and taken into consideration.

Appendix II to this testimony contains the text of an Open Letter to GEF Participants dated February 24, which provides more details about our critique and our proposals.

III. Asian Development Bank

The record of the ADB is in many ways better than that of the World Bank and the other regional banks. NGOs have an open dialogue with senior officials, and on occasion have been able to stop or modify a project based on direct meetings with officials. Having said this, however, the Bank still has a long way to go.

Since last year's Annual Meeting in May, there have been two official "consultations" between ADB staff and regional NGOs. Friends of the Earth has actively participated in both. Although these have not gone as smoothly as NGOs would have liked, the consultations have afforded the chance to discuss a number of problem projects, with NGOs from the country in question able to come to Manila and make a presentation to Bank officials.

In addition to the case studies, the major issues that NGOs have raised were as follows:

1. The Bank has to treat NGOs as equal partners in the development process and not as extension agents. Governments and the Bank must recognize NGOs as civil institutions as responsible as the government for societal change. ADB should play an enabling role in this process.

2. As partners, NGOs should work with the government in the planning of ADB country programme and its priority sectors.
3. NGOs, the government and ADB should form a tripartite group that meets regularly to formulate Bank policy on NGOs.
4. NGOs should be involved in project design and implementation.

The general sentiment of the participants is that nothing concrete happened during the consultation. ADB's answer to the issues raised by NGOs is the establishment of the Social Dimensions Unit and they will study the recommendations made.

To its credit, however, ADB officials, including Mr. In Yong Chung, Vice President (Projects), are now stressing the importance of an ongoing dialogue between ADB and the NGOs. He said that "the role of NGOs is to motivate the people to participate. These are the areas we can rely on you." He said that they tried to accommodate the issues raised by NGOs since 1989 and interpret them into action. He emphasized the importance of maintaining our good working relationship to achieve our common goals. We appreciate this willingness to engage in a constructive dialogue.

Appendix III to this testimony is the Open Letter that NGOs wrote to the President of the ADB, Kimimasu Taramizu, at last year's Annual Meeting. We still have not received a response!

The following summaries of three loans were prepared by colleagues in Manila who are following the ADB's activities. They offer food for thought about the Bank's activities. The first is an action alert about a loan that will be very destructive and is actively opposed by the local communities. The second is a model small grant that is based on community needs and input. The third demonstrates a project that has both substantial benefits and some problems, where the process of dialogue and consultation appears to be working.

A. Masinloc Coal-Fired Thermal Power Plant

1. Background

A 600MW Coal-Fired Thermal Power Plant Project of the National Power Corporation (NPC) in Masinloc, Zambales, is posing danger to the livelihood of some 3,000 families in Barangay Bani and heavy damage to the environment.

Considered as one of the most controversial energy projects of the government, the project has been issued an Environmental Compliance Certificate (ECC) by the Department of Environment and Natural Resources (DENR) last December 18, 1992. The said ECC contains 37 conditions including one that would require community endorsement before construction takes place. Ironically, the ECC was issued despite NAPOCOR's inability to gain social acceptance for the project. Meanwhile, opposition from the local communities heightens as the projected environmental and social cost is considered too high for the people to bear.

Dredging activities for the power plant are expected to cause heavy damage to Oyon Bay, from which milkfish (bangus) fry are harvested as the major source of income to the number of fisherfolks in Bani. Oyon Bay is a productive estuarine system possessing significantly high species diversity to include endangered blue corals and colonies of aquarium fishes. The damage is feared to extend further to a marine sanctuary in San Salvador Island.

The major source of freshwater of the nearby communities is likewise endangered. The projected freshwater intake of the plant would dry up the Masinloc river, consequently damaging their irrigation project which services 300 hectares of rice lands. One hundred six hectares of land planted with century-old mango trees, which is the primary source of livelihood of the majority from the marginal areas, is programmed to be cleared. This is no less than equivalent to physical and economical dislocation of the farmers directly depending upon the land.

The experience of the local communities with the first coal plant in the country, the Calaca I Coal-Fired Thermal Plant in Batangas sponsored by the NPC, was enough to justify the growing concern and resistance to this second project. As lands were taken from the farmers, the communities' living patterns drastically changed. Dubbed by the Philippine environmentalists as an "environmental fiasco", Calaca I bred environmental problems which posed health hazards to the communities. The effects of fly ashes from coal combustion which contain carcinogenic trace elements were feared to have caused the increase of the respiratory disease cases. Another cause of alarm for the local residents was the contamination of ground water and soil by trace elements leached from the ash disposal area.

Meanwhile, as protest against the project mounts, military presence in the area is notably increasing. Presently, a Regional Special Action Force (RSAF) is deployed within the nearby areas, inciting fear and tension among the communities. Cases of threats and harassments have been reported by several vocal leaders of the campaign against the power plant's construction.

The opposition is continually drawing support from the Zambales residents, local officials and national environmental organizations. Several neighboring municipalities have passed resolutions objecting to the construction of the plant. The local mayor was joined by majority of the members of the municipal council and the provincial board in expressing their resistance to the project. A provincial coalition against the project has been formed to strengthen and consolidate protest actions and facilitate information dissemination to the public. To date, two successful human barricades have already been staged to prevent government and NAPOCOR representatives from conducting exploratory work in the area.

2. The Role of the ADB

These facts did not deter the Philippine government, as the major proponent of the project, from securing financial support from the Asian Development Bank (ADB) for the construction of the 600-mw coal-fed power project. This is the government's response to the increasing power peak load demand in the country. The approval of the loan for the strongly-opposed project garnered once again heavy criticisms for the ADB.

In 1989, the ADB approved a loan of \$200 M under the XVI Power Sector Loan to the Philippines. This approval came amidst the already growing massive protest against the plant and lack of clearance from the DENR. Part of the conditions imposed by the ADB for the effectivity of the loan were the issuance of the ECC and the participation of the Export-Import Bank of Japan as co-financier of the project. In a recently held dialogue between the Masinloc residents and the Manila representative of the ExIm Bank of Japan, the latter assured the community representatives that they will not get involved in the project so long as there is opposition from the local communities.

The decision now lies with the ADB. The Bank has played a major role in other similar controversial development projects. This is yet another challenge for them to make true their commitment to the environment. The Masinloc Coal-Fired Thermal Plant has proven to be a socially non-acceptable and environmentally dangerous project. ExIm Bank has made its stand. It is now the ADB's turn to take a decisive position.

As the Philippine energy crisis worsens, more energy projects are rushed for development. And more loans are solicited by the Philippine government from multilateral development institutions.

As we urge the government to take the other option of looking into alternative strategies of solving this crisis, we enjoin ADB to lend its support in this kind of endeavor.

Let us push for the development, not of these environmentally-sensitive and capital-intensive projects, but of renewable sources of energy; promotion of energy conservation as well as energy-efficient measures.

Let us make them understand and realize that we cannot solve the crisis we face today by sacrificing the future of our people and the environment.

B. Provincial Government of Bukidnon (Philippines)

The ADB has decided to provide a \$100,000 technical assistance grant for this project.

Basic transport, social infrastructure and agricultural support services for the development of agriculture, agro-industry, irrigation, and rural industry will be given to the province of Bukidnon in Northern Mindanao through a \$100,000 technical assistance grant approved by the Asian Development Bank.

Bukidnon province is a major producer of rice, corn, sugarcane and pineapple in the Philippines. Bukidnon, a predominantly rural and agricultural region, is found in the northern part of Mindanao. Most of the residents are small farmers and landless poor.

Given the natural resources of the project area, Bukidnon has a high potential for reduction of rural poverty but experiences of widespread forest destruction resulting from excessive exploitation of the forests for the past 30 years is a continuing impediment to the improvement of the people's living condition. As of 1989, 50% of the Bukidnon area has eroded. Extensive logging activities especially in the province's major watershed areas caused massive loss of soil and fertility in the uplands. There results to lowland floods and consequently to the destabilization of agricultural land.

The ADB-funded Bukidnon Integrated Area Development (BIAD) project aims to develop the agricultural and forestry aspect of the province by providing support services to small-scale rural industries. The technical assistance funds will be used to prepare a program projected to upgrade farm-to-market roads and social infrastructure. The funds will cover other socio-agricultural services like construction or rehabilitation of communal irrigation systems. As part of the project, too, training programs will also be developed. These will help improve agriculture and rural-based livelihood industrial productivity.

A team of consultants comprised of economists, financial analysts, civil engineer, and agronomist is currently conducting

feasibility studies in the project's target area. A social design study on the profile of the project beneficiaries and an outlay for benefit monitoring and evaluation will be carried out by Central Mindanao University. The technical assistance service will be carried out over a period of 6 months.

While the executing agency for this project is primarily the provincial government of Bukidnon, non-governmental agencies, community-based organizations and other concerned groups are encouraged to participate in the formulation and the implementation of this development program.

C. Umiray-Angat Transbasin Project (UATP)

The Asian Development Bank (ADB) has agreed to extend financial assistance to a major infrastructure project of the Metropolitan Waterworks Sewerage System (MWSS). The Umiray-Angat Transbasin Project (UATP) seeks to enhance the reliability of supply from the Angat Water Supply Optimization Project (AWSOP) by diverting water flows from the Umiray basin. It is expected to provide the future water demands of Metro Manila and other suburbs. The project extends from the upper reaches of the Umiray River in General Nakar, Quezon and its tributaries on the eastern side of the Sierra Madre mountain range, to the Macua River which is a tributary to the Angat Reservoir in Bulacan. It traverses the provinces of Quezon, Aurora and Bulacan.

The Umiray-Angat project is actually the second stage in the development of AWSOP, also a Bank-financed project. This seeks to ultimately increase the water flow diversion to MWSS by 24 cu.m/sec. from the Angat Reservoir. During the first stage of AWSOP, multiple-use of Angat water resources for hydropower and irrigation will be observed. This will divert an extra 15 cu.m/sec. to Metro Manila's Water Supply System. With the transbasin project, the proponents aim to divert an additional 9 cu. m/sec. of water from the Umiray river to complete the projected 24 cu.m/sec. increase in diversion to MWSS.

This is to be funded primarily by a \$119.6 million loan from the Asian Development Bank which would account for about 70% of the P4.6 billion financing required. The remaining funding requirements will come from the local resources of MWSS. Furthermore, a Primary and Secondary Mains Improvements technical assistance is attached to the loan commitment which seeks to rehabilitate existing MWSS water distribution lines.

The main components of this proposed project include run-off-river type diversion weirs, a 13.1 km. main transbasin tunnel, two minor branch tunnels, a 4.8 km. long access road along the Matulid-Macua River branch of the Angat reservoir and, a 500 Mld water treatment plant. The three diversion weirs to be built on Umiray River and its tributaries are of the overflow-type spillway structures measuring 3-4 meters high. The main transbasin tunnel expected to traverse the Sierra Madre mountain range will convey streamflows from the Umiray basin in Quezon to the Angat Reservoir in Bulacan.

A new technology developed in Germany will be utilized for the excavation. A Tunnel Boring Machine (TBM) allows higher excavation progress rate than the ordinary drilling and blasting method. This project is so far the only attempt in the Philippines to operate with the TBM.

MWSS has already secured an Environmental Clearance Certificate (ECC) for the project which was issued by the Department of Environment and Natural Resources last October 7, 1992. Consultations with the local community, however, are still underway.

The series of dialogues between the proponent agency and the Gen. Nakar community and local officials started when the ADB, ordered MWSS to conduct more consultations. This came as a response to the requests made by the local community. The Tribal Center for Development (TCD), an organization based in Quezon, sent a letter to the Bank through the Philippine Executive Director expressing concern over the potential social and environmental impacts of the Transbasin project especially to indigenous Agta communities in the area. The municipal mayor of Gen. Nakar, likewise, has compelled the proponent agencies to hold more consultations prior to the signing of a Memorandum of Agreement.

During the consultations, several economic, social and environmental issues pertaining to the potential impacts of the project were presented by local residents, NGOs, local government officials, church representatives and, indigenous communities. Major concerns raised include potential impact of the project's construction on the Umiray River, a primary water source of the local community for multiple domestic purposes; soil erosion from the tunnel excavation; clearing of forested areas for infrastructures; possible displacement of Agta communities and; potential effects on irrigation.

Even the MWSS projected several significant environmental impacts of the project. There will be a change in land-use and landscape as well as loss of forest cover due to the clearing of job sites. These are attributed to the creation of the lake rim access road, the opening of quarries and areas for disposal of tunnel excavation material. Two-thirds of the total area occupied by the project are presently covered by thick forest.

Moreover, it is expected that there will be an increased turbidity and siltation of the Angat reservoir as access roads are constructed and excavations conducted. The problem of siltation is further compounded by risks of soil erosion with the creation of a disposal area for a large quantity of materials from tunnel excavation.

As of date, MWSS is awaiting the endorsement of the Gen. Nakar local officials for the commencement of the project's construction phase. The local mayor has delayed the decision on the project pending the completion of an independent Fact-Finding Mission to the area. This was organized to assess the potential social and environmental implications of the project. ADB, on the other hand, has likewise deferred the approval of the total loan commitment as it awaits the completion of the consultation process. It has, however, disbursed an initial \$2.6 million for the project's engineering phase.

IV. European Bank for Reconstruction and Development

In Friends of the Earth's report on federal environmental spending, Earth Budget, we discuss the MDBs and come to the conclusion that, "On balance, eliminating all U.S. taxpayer support for these banks would be good for the environment." This is particularly true of the newest, and in its way most disappointing, of the MDBs, the European Bank for Reconstruction and Development. We recommend that the Committee withhold funding for this Bank.

A. An Optimistic Start

When the EBRD was created in 1990, optimism ran high that this Bank would be different from its brethren. Its mandate charged it with "promoting in the full range of its activities environmentally sound and sustainable development." In addition, it was to promote "democracy." Such goals, of course, are absent from the Charters of the other older MDBs.

The MDBs themselves estimate that cleaning up Central and Eastern Europe will cost several hundred billion dollars. Since environmental degradation siphons off an estimated 10 percent of the region's GNP, environmental improvement could be one of the fastest ways of raising living standards. The EBRD's opportunities to simultaneously clear the environment and turn profits seem enormous.

B. Disappointing Environmental Procedures in the Development Banking Unit

The first major policy document on the environment brought forward by the EBRD was its environmental procedures. These procedures, passed in January, 1992, do not screen projects for positive environmental gains but stress mitigation and primarily aim to protect the Bank from incurring environmental liabilities which might undermine the financial soundness of investments. The EBRD's Charter's active charge of promoting sustainable development was largely lost in this passive policy.

In addition to stressing environmental defense, these procedures do little to promote democracy. Around the world it is becoming clear that the best development projects are those where local people are involved from the outset, where the decision-making process is transparent, and where citizens have access to the important documents. Nowhere should these principles be more vigorously promoted than in Central and Eastern Europe, where state secrecy and repression drove the economies into their environmental morass.

Yet the EBRD's environmental procedures waffle. While they do require public consultations on the most environmentally damaging projects, they do not require that the resulting Environmental Assessment reports be made public.

The U.S. 'Pelosi Amendment', passed by this Committee in 1989, requires Environmental Assessments of MDB projects be available to both Executive Directors and affected publics 120 days before votes. This provision makes assessments meaningful by ensuring that people and governments have a chance to consider projects carefully before votes.

The EBRD environmental procedures do not meet the Pelosi Amendment requirements and for this and other reasons the U.S. Government rightly voted against the Bank's procedures.

Subsequently, the EBRD has flaunted the amendment and the U.S. has abstained from a number of votes on projects since Environmental Assessments have not been provided in a timely fashion. For example, the U.S. abstained on a 114 million ECU power plant upgrade at Maritsa in Bulgaria. The EBRD screened the Maritsa East II Power Project as a "B" project -- requiring a partial environmental analysis. This is despite the fact that thermal power developments are listed as an example of an "A" project requiring full environmental assessment in Appendix 1 of the Environmental Procedures. According to the same Appendix the partial environmental analysis will normally require more limited and specific environmental analysis. In this case EBRD has identified that within the environmental analysis required there must be an EIA of alternative FGD and coal and ash handling facilities of the plant. Neither of these had been carried out before approval for the project was given. In addition no public consultation was carried out despite the fact that Maritsa is a major pollution source. Moreover, in a letter to Friends of the Earth from the EBRD dated 12 October 1992 flatly declared that once the EIA identified as necessary was finally carried out "it is not anticipated that these studies will involve participation from the general public".

C. No Public Participation and Private Sector Redundancy

According to its charter, 60 percent of the EBRD's lending should be for private sector projects. For such projects, the EBRD does not provide public access to information about the proposed project. According to EBRD officials the reason for withholding information is that the EBRD sees itself in competition with the rest of the private sector. If it were to make information about projects public, the argument goes, private sector borrowers would be spooked or even would sue the Bank for releasing information.

Such arguments fall down on three grounds. First, to avoid lawsuits the EBRD could quite simply make it clear that it requires a publicly-available Environmental Assessment on all projects as a pre-condition for receiving its internationally-guaranteed loans. Second, if the EBRD is only able to make loans by beating out other private banking concerns then we believe there is absolutely no justification for the U.S. Government to be providing money which is competing with the private sector. In theory the EBRD should be taking the lead in putting together new money for innovative investments in the region. Instead it is making loans such as the \$78 million provided to General Motors' Hungarian operations -- funds which GM officials confirmed in a Washington Post article, "'absolutely' could have been raised from other sources." Third, the EBRD has so far squandered the opportunity to be innovative in "promoting" sustainable development. Its private sector lending could have been at the forefront of challenging the rhetorically more progressive sector of the corporate world which has collectively calling for business interests to "expand our concept of those who have a stake in our operations to include not only employees and shareholders but also . . . , neighbours, citizens' groups, and others" (Business Council on Sustainable Development).

V. Agency for International Development

Given that the Administration has announced a 90-day analysis of the structure and future of AID, Friends of the Earth wishes to submit comments to the Committee subsequently concerning budgetary levels. We believe that substantial reform of AID is long overdue. Friends of the Earth worked to obtain \$15 million for environmental protection and restoration in a previous aid bill for Nicaragua and Panama. We are still trying to determine whether positive results were achieved with this money.

About \$3.2 billion of AID's 1993 budget of \$10.3 billion went to grants and loans for military equipment and training in foreign countries. Egypt and Israel get substantial foreign assistance. Friends of the Earth asks the basic question: why isn't a part of this money devoted to environmental protection and restoration?

In summary, AID needs a major overhaul and a new mission of rescuing developing nations from environmental catastrophe.

A. Somalia Lessons

Governments around the world need to recognize that starvation in Somalia and in other parts of Africa can only be eliminated by a long-term program of environmental rehabilitation of the land. The Horn of Africa has experienced 4 major famines in last 20 years, but each time the almost exclusive focus on short-term relief misses essential actions necessary to prevent the recurrence of this type of tragedy.

¹. Washington Post, 12 April, 1992.

Well before the present disaster in Somalia and the departure of the dictator Siad Barre, there had been repeated warnings about food shortages facing many African countries. The 1988 World Bank task force on food security in Africa estimated that 2.3 million Somalis, which is about 42% of the population, did not have enough food. The report stated that more than 40 percent of the populations of Somalia, Uganda, Chad, and Mozambique suffered from a food shortage.

In 1984 and 1985 it is estimated that more than a million Africans died of malnutrition and related diseases, primarily in Ethiopia, Sudan, Somalia, Niger, Mali, Mozambique, and Chad. The World Resources Institute noted that the food crisis of the 1980's in Africa showed little had changed:

"Both the famine and the relief effort were haunting repetitions of a similar catastrophe that struck the continent in 1973-74. Although the recent relief campaign was bigger (and) better-coordinated... the agricultural debacle was stark proof that, on the policy level, little had been learned since the previous famine."

Countries involved in the current Somalian relief effort must discuss a long-term strategy that address the root causes of hunger and its connection to destruction of the natural resource base. Something must be done about the state of lawlessness in Somalia, but the challenges to put the country back on its feet are much greater than a mission of a few months in duration.

Unless something is done about desertification and the destruction of the natural resource base, the world will continue to witness massive starvation episodes. The United States dealt with the Dust Bowl through comprehensive control of soil erosion. This sort of effort is needed in Somalia and other parts of Africa.

Such a land and water restoration program needs to be significantly different from the large engineering projects that are typically financed by the multilateral development banks. We hope that this Committee will take the lead in convincing the Administration to take a long-range view of the problem in Africa, to look at the diversity of actions which might be put in motion while our troops remain there, and not to walk away leaving some of the root problems unaddressed.

VI. Export-Import Bank

As discussed elsewhere in this testimony, Friends of the Earth is very disturbed by the Export-Import Bank's loan of \$136 million for a nuclear reactor in Czechoslovakia. Our analysis of Export-Import Bank activity over the past several years suggests that this Bank pays little or no attention to the Congressional directives given to the multilateral development banks or to environmental concerns generally. Friends of the Earth is opposed to providing more funds to the Ex-Im Bank until it pledges to implement the following basic reforms:

- 1) pay attention to the environmental directives of Congress concerning foreign aid;
- 2) prepare environmental impact assessments of its loans;
- 3) cease lending for construction of more nuclear power plants;
- 4) provide energy loans only for solar, wind, biomass, and energy efficiency improvements.

As the U.S. Executive Director to the World Bank was voting against the Yacyreta Dam (see discuss elsewhere in this testimony),

the Ex-Im Bank was providing a loan for the hydroelectric turbines for the Dam. The Ex-Im Bank acted in utter disregard of the concerns being expressed by the U.S. Treasury Department on this project.

We are concerned that the Ex-Im Bank is in the process of lending for a geothermal project on Mount Apo in the Philippines at the very time citizens have convinced the World Bank and the Asian Development Bank not to fund such an environmentally and socially disruptive project. The Mount Apo project threatens to destroy one of the last intact primary rainforests in the Philippines and to ruin an area which is sacred to the indigenous people.

VII. International Monetary Fund

The IMF is not now promoting sustainable development. It is failing to carry out even its own limited notion of its responsibilities effectively, in that "structural adjustment" as articulated and implemented has been a failure in most countries. The IMF employs no consultation mechanism with affected populations in designing structural adjustment packages, does not consider the longer-term implications of its policy prescriptions, and in general does not analyze the effectiveness of its packages.

Congress recently enacted a detailed blueprint for IMF reform, contained in the Russian Aid Bill and Foreign Aid appropriation. We congratulate Congress for passing these bills. To summarize, the legislation now requires the US Executive Director to promote (1) incorporation of poverty alleviation and reduction of barriers to economic and social progress into all Fund programs and consultations; (2) incorporation of environmental considerations into all Fund programs and consultations; (3) Fund participation in the design and operationalization of a revised national income reporting system; (4) creation of an audit system to review, on a country-by-country basis, the impact of the implementation of IMF required or recommended policy prescriptions on poverty, economic development, and environment; (5) insurance of policy options that increase the productive capacity of the poor; (6) establishment of procedures for public access to information; (7) development of procedures to measure the levels of military spending and incorporation of analysis and assessment of military spending in Fund consultations. Furthermore, the US Treasury is required to explore ways to incorporate the involvement and participation of important ministries, social, environmental, and other legitimate experts from the recipient country in the development of Fund programs.

The job now is to see that these directives are implemented. This will require hard diplomatic work by the U.S. to gain the support both of other donors and of borrowers. Congress should insist that the Administration aggressively promotes the full package of IMF reforms articulated in US legislation. We urge the U.S. to launch a diplomatic initiative to commission an independent review of the environmental and social impacts of all structural adjustment lending by the MDBs.

We also note that the Interim Committee is composed of Finance Ministers from all member countries of the Fund, and that it is a forum that may be useful in promoting the reforms. Like the Development Committee, the Interim Committee has not featured prominently in efforts to advance U.S. proposals. It is time for a change. NGOs have no access to these committees, or to other formal meetings of the Bank and Fund. It would be very useful for an NGO to be added to the US delegation as a public sector representative.

A. Background

Friends of the Earth started the IMF (International Monetary Fund) reform campaign ten years ago. It has been Friends of the Earth's primary purpose to bring about a fundamental shift in the structural adjustment policies (SAPs) of the IMF and to make the institution accountable to the public for its actions.

Friends of the Earth's involvement has been based upon the recognition that structural adjustment programs are shaping the economies of most developing nations. During the last decade more than 70 countries have turned to the IMF for assistance with their balance-of-payments problems. Under IMF conditionality, these countries are required to restructure their economies in an attempt to prevent a balance-of-payments crisis, while at the same time meeting debt obligations, maintaining essential imports, and struggling to return to economic growth. Many of them have been also experiencing increased environmental and social stresses, which are gravely exacerbated by the IMF's prescriptions.

The Fund itself is not only a major creditor to developing nations but also provides the seal of approval needed if countries want to be eligible for additional commercial bank loans. Moreover, without a debtor country's commitment to an IMF structural adjustment program, the Paris Club will not consider debt reduction programs or debt renegotiations schedules. Both through the conditions that are connected with its adjustment loans and through the amounts of money that are being transferred, the IMF has a strong impact on national and local politics, economies and populations.

The Fund's traditional prescription for restoring a country's economy includes a combination of policies: accentuating export-oriented growth, reduction in public spending mostly happening in social areas like education and health, cutback of the role of the state sector in the economy, removal of subsidies on basic foods and transportation, devaluation of the national currency, and freezing the real wages of workers.

In response to NGO critiques, The Executive Board of the IMF has mandated that the IMF staff should (1) develop a greater understanding of interplay between economic policies, economic activity and environmental change; (2) draw extensively upon the research and information from other institutions with environmental competence and responsibilities; and (3) use these findings to help staff carry out informed discussions with national authorities who may face difficult macroeconomic policy choices in the context of country's serious environmental problems.

This mandate of the IMF Executive Board reflects the Fund's answer to the pressure from the NGO community around the quota increase and the legislation that was passed by the U.S. Congress in response to these concerns. It is striking that after three years of research on the issue the IMF still does not have better understanding of the link between SAPs and the environment.

There is no doubt that we all can benefit from more research but there comes a time that one has to act upon the findings of the research. The IMF's unwillingness to undertake any significant action in response to the findings of the already existing research is indicative of its general reluctance take social and environmental considerations seriously. Instead the IMF prefers to focus all its time spent on environmental research on the justification of its traditional SAPs.

The Fund should take the finding of the existing research seriously and engage in a pilot project to design a SAP based upon a wide consultation process incorporating the various affected

ministries, environmental and poverty experts and national NGO representatives.

B. Main NGO Concerns At Present

Friends of the Earth started the IMF work by analyzing the structure of the IMF on an institutional level, comparing it to the World Bank and other multilateral banks which we and other NGOs have been studying for several years. We concluded that certain obvious things were missing from the IMF's structure, staff and basic policies.

Unlike the World Bank, the IMF has not conducted studies of possible environmental and social consequences of its actions and has not given any indication of being concerned about these issues. This is partly the result of the absence of qualified personnel on the IMF staff, in the areas of natural resources, development, poverty and other related subjects. But it is also a result of the IMF's explicit policy of not holding consultations with affected ministries and populations or even considering their interests.

We obtained and analyzed available case studies on the impacts of IMF structural adjustment programs on social sectors. That effort is continuing. In this context, we became aware that the World Bank carried out a confidential analysis in 1988 of the effects of its structural adjustment lending in Africa. The study showed that those countries receiving adjustment loans were doing significantly worse economically than the African countries not receiving loans. There was a large increase in the debt-export ratios of countries receiving the adjustment loans, and inflation escalated in most of the countries. This study was important for two reasons. First, it showed the IMF was not meeting its own macroeconomic goals. Second, it showed that the IMF should analyze the impacts of its actions and hire appropriate staff with the mandate to do so.

Another leading institution, UNCTAD, stated in its 1989 Trade and Development Report that SAPs had so far produced mixed results and achieved, at best, limited success. The report criticized the Fund for its short-term focus on balance of payments management, thereby neglecting to develop longer run potentials of the national economy.

NGOs in many countries provided us with various types of specific information about negative impacts of IMF activities in their countries. We assembled the information and produced a report on the structure and functioning of the IMF and the impact of SAPs on the social sectors of Developing countries which was translated into Spanish and distributed to our colleagues in the South. The study reports on the impact of SAPs on countries' economic performance, the poor, women and children, and the environment.

1. Macroeconomic Performance

IMF structural adjustment measures have not led to the resurrection of Third World nations' economies but have aggravated the economic crisis. The total Third World debt has continued to increase steadily from \$668 billion in 1981 to \$1,281 billion in 1991. Between 1980 and 1991, the debts of the highly indebted nations, including most Latin American countries, increased nearly 60% (approximately \$240 billion), and the debts of Sub-Saharan Africa have increased by more than 80% (approximately \$50 billion). The situation of economic growth looks equally bleak. Per capita GDP in Sub-Saharan Africa declined by 3.6% in 1980-85, by 0.5% in 1986, and by 5.1% in 1987. Latest World Bank projections for the year 1995, for example, show zero per capita growth in Sub-Saharan Africa.

In 1987, rising interest rates escalated debtor countries' debt service payments. The increase is estimated to be around \$6-8 billion annually. The higher interest rates resulted in a sharp increase of resource transfers from debtor countries to the creditors. For the highly indebted countries this transfer was twice as large in 1988 than in 1987, reaching \$42 billion. According to mainstream economists the debt crisis is over because countries are honoring their interest payments. They tend to forget that this is happening at the expense of the poor. Social sector and productive investment has halted as resources are channeled to the debt service payments. Countries are exporting an unsustainable amount of, often unrenovable, natural resources, and thereby consuming their long term capital.

The IMF has not made any significant attempt to review and change its structural adjustment policies. According to IMF officials, the failure to improve the external debt situation of most Third World countries should be attributed to the lack of commitment to the strict implementation of the structural adjustment measures. But even countries, such as Korea, that have been portrayed as the success stories of structural adjustment are now showing signs of social unrest and environmental decay.

2. Poverty

IMF adjustment policies have been based upon the implicit assumption that where structural adjustment policies are followed, the poor would benefit in the long run. No evidence could be found to back up this "trickle down" theory. What has seemed to trickle down is economic hardship. The most vulnerable sectors of society paid the highest price in structural adjustment programs. Not only have the poor carried the heaviest burden of economic recession, they also have been struck most severely by the adjustment measures, such as cuts in government expenditure and social services. Severe cut-backs in health care, education services, and food subsidies have threatened the very existence of the poor. Their wages (if they have been able to keep their jobs) have fallen steeply in relation to the cost of living. The cost of their basic food has increased as the government subsidies have been lifted.

For the past several years, the idea behind the IMF structural adjustment facilities has been that adjustment and growth must be mutually reinforcing. Evidence, however, has indicated that the IMF's stabilization and structural adjustment programs, such as policies focused on increased exports and the curtailment of domestic consumption, have been in most instances eroding the basis upon which future economic growth and social well-being depend.

o Investment incentives and credit policies under SAPs have favored capital-intensive industries, retarded employment generation, and worsened the distributional inequities.

o Cuts in government expenditure have resulted in layoffs of lower-rank civil servants and an overall rise of unemployment.

o During the 80s, SAPs have induce economic contraction leading to a general income decline, increased unemployment and underemployment.

o Even when wages remained unchanged, inflation, increased taxes, devaluation of the national currency, and reduction in government expenditure have increased the cost of living and therefore decreased the real value of people's income.

o Economic recession and structural adjustment policies have put extra pressure on women's working and living conditions. They have tended to impose even greater demand on women's limited

resource base, especially time and energy. Growing unemployment and declining wages have forced women to make up for the loss of cash earnings by increasing their contribution to the family income to meet basic subsistence requirements.

o Children have been suffering unnecessarily through the neglect of their needs in the making of economic policies, nationally and internationally. UNICEF declared that after three decades of remarkable progress the condition of children in third-world countries started to deteriorate in the 1970s. The rate of reduction in infant mortality slowed, as did the progress of raising economic welfare, schooling, and provision of other basic needs.

o A decline in government expenditure on education has caused an overall decline in educational quality because of an insufficient number of teachers, a lack of appropriate local infrastructure, school books, etc. The effects have been seen in an increase in number of school drop-outs, failure rates, and illiteracy rates.

Whether IMF structural adjustment policies have been solely responsible for this deterioration of living conditions of the poor is unclear. Neither has it been possible to attribute the cause of deterioration of the economic situation of these countries solely to the IMF. In many cases the effects of the world recession, declining capital flows, high interest rates, and local weather conditions have contributed to the duration of the economic recession of third world countries.

But, one thing is strikingly clear: the IMF has not taken any efficient measure to protect the poorest sectors of society and the environment. Analysis showed that the heaviest burden of adjustment has been placed on the poorest in the society. This alone should have indicated the need for change in the traditional IMF structural adjustment policies, and in the way the IMF is staffed and operated.

The Fund's decision not to provide basic human needs of the population can be evaluated morally on the basis of the African proverb: "Give a rich man less food and he becomes thin, give a poor man less food and he dies." Not to respond to the needs of the poor is not only unethical, it is also very inefficient. When the significant part of the future generation consists of illiterate or malnourished people, it is hard to imagine they can form the base of a productive society.

3. Environment

While initially little research had been done on the impact of SAPs on the environment, the available studies indicated linkages between structural adjustment measures and the depletion of natural resources in at least three ways. Recent studies, produced by the World Resource Institute, and the World Wildlife Fund confirmed the original findings.

Structural adjustment programs have caused governments of developing nations to reduce government expenditure on natural resource management, compelling these governments to cut or delay the implementation of conservation measures that could preserve environmental quality.

The emphasis on increased export production has mainly led to an acceleration of the exploitation of natural resources without regard to longer term sustainability and other values. Examples are the cutting of the rainforest, the huge loss of wetlands and mangroves, and the shift away from the traditional subsistence farming to the export driven monoculture crop agriculture.

Measures taken by the governments in order to comply with the two main requirements of structural adjustment policies -- increased exports and decreased domestic consumption -- have increased hardships on the poor. Having less access to resources and being pushed onto marginal lands has forced the poor to overuse the scarce resources available to them.

VIII. Nuclear Power in Central and Eastern Europe (CEE)

One of the most pressing environmental issues in Central and Eastern Europe is the fate of the Soviet-built nuclear power reactors that could well produce another Chernobyl-type disaster. Indeed 15 Chernobyl-design reactors are still operating in the region. U.S. and multi-lateral policy towards these ecological time-bombs has been notably complacent.

Friends of the Earth England recently completed an analysis of Western aid to the nuclear power sector in CEE as of 15 November, 1992. The report reveals that:

1) The total sum of money provided to date by Western governments to the CEE nuclear sector -- less than \$800 million is tiny compared to multi-billion dollar needs to close down and decommission the region's chronically unsafe reactors, including 15 of the Chernobyl design; while expensive compared to the costs of an accident, addressing the problem now is cheap;

2) Twice as much of that money is going toward expanding nuclear power generation as is going towards improving reactor safety;

3) The U.S. contribution exemplifies this imbalance. While a paltry \$15 million is going into reactor safety through AID, the NRC, and the DoE, the Export-Import Bank has offered a \$136 million loan to Westinghouse to complete a partially constructed reactor at Temelin in the Czech Republic.

The British report follows Friends of the Earth U.S.'s earlier publication of Russian Roulette, a report which showed that closing Soviet-built nuclear power plants throughout CEE was ecologically imperative and economically sensible given that energy efficiency measures and safer gas-fired power stations could comfortably cover the region's energy needs. CEE countries are between one half and one fifth as efficient in their use of energy as the countries of the West. World Bank analysis indicates large efficiency improvements coming with the introduction of market economics. Over time, the region should need less, not more, electricity generating capacity. We would also like to point out the U.S. support for the completion or operations of reactors in this region, or indeed anywhere in the world, opens up murky questions of liability should a plant explode. Keep in mind that, while the estimates are 'soft', the Chernobyl disaster's economic costs have been of a magnitude comparable to the U.S.'s Savings and Loan bailouts.

This situation points to three important necessary policy changes:

a) It should be a policy of the U.S. Government not to provide assistance for expansion of nuclear power in Central and Eastern Europe through either bilateral bodies such as the Ex-Imp Bank or multilateral institutions such as the EBRD.

b) The Ex-Imp Bank should require Environmental Impact Statements in accordance with the National Environmental Policy Act (NEPA) for the projects it funds.

c) The U.S. needs an aggressive national policy to close these reactors. If one blows up, not only will the human and

environmental costs be devastating but the economic losses could well upset one or more nation's whole economic recovery plans. The State Department, AID, DoE, EPA and other relevant Agencies should bring forward a plan to close down and decommission the dangerous reactors in Central and Eastern Europe. At the same time through both bilateral and multilateral assistance the U.S. should be promoting efforts to improve the region's energy efficiency, which would not only allow for the shutdown of the nuclear plants, but would also cut other energy-sector related pollution.

IX. Inter-American Development Bank

The Inter-American Development Bank has made progress on environmental issues in the past three years, especially within the Bank's Environmental Department. There are more qualified environmental specialists reviewing loans for their potential environmental impact; the number of large infrastructure projects being funded by the Bank has decreased; and the Bank seems in general to be giving greater weight to environmental considerations in its regular lending activities. For example, the Environment Department now provides Executive Directors with environmental briefs on most loans. These briefs attempt to identify, at early stages of the loan cycle, some potential environmental impacts of the proposed loan. However, recent changes in the environmental screening process, the structure of the Bank's Environmental Management Committee, and a persistent hostility by non-U.S. Executive Directors to the Pelosi Amendment threaten to undermine these gains. It is particularly troubling that the Environmental Management Committee no longer has a representative from the Environment Department. This committee, which assigns environmental categories to loans that determine whether an environmental impact assessment is required, is now officially made up of management and staff from a number of departments but curiously excludes its own Environment Department from decision-making. This is not a good sign.

Nor is it encouraging that the Bank's environment and natural resources policy dates back to 1979. While related policies have been updated (for example for forests and urban development) and environmental assessments on loans likely to have a negative impact are carried out as part of the project cycle, the fundamental guiding policy statement is hopelessly outdated and should be revised to reflect current issues and trends.

Moreover, environmentalists in Latin America are also concerned about a number of projects that the IDB is currently carrying out or in the process of preparing. The following highlights a few problem projects:

* Ecuador Cuenca-Molleturo-Naranjal Road, Azuay, Ecuador: A report from an environmental group in Ecuador, dated June 1, 1992, raised serious concerns about this IDB-financed road project, construction of which began in November, 1988. During the Ecuadorian winter of 1992, poor environmental safeguards of the 112 km road caused disastrous flooding, erosion, and other problems. A special commission, formed by affected communities and the environmental group Tierra Viva (which is a member of FoE International), inspected the and reported that in the worst affected areas, several houses, fields of crops, a school, and a road to a mine were destroyed. About 450 hectares have been affected by landslides. Changes to drainage patterns have exacerbated soil erosion, and caused the destruction of forested areas, footpaths, reservoirs and water pipes. Four pedestrian bridges across the river, connecting several communities, have been destroyed. Ultimately, the road project has changed the course of surface drainage, causing floods, disruption of irrigation canals, siltation of the Rio Tamarindo, and loss of wildlife habitat.

Because the affected communities are now inaccessible, public health is threatened as it is impossible to carry out vaccination campaigns. Six cases of cholera have been diagnosed and other cases will be difficult to tend.

* Hidrovia: The IDB is currently financing, through a technical assistance grant, several feasibility studies for an enormous project covering two river systems and five countries (totalling about 1.75 million square kilometers) called the Hidrovia, or Waterway. The concept of the project is to make the Paraguay and lower Parana Rivers navigable to ocean-going ships and barges 24 hours a day, 365 days a year. To do this, the rivers would need to be dredged, straightened, and otherwise "tamed". While the studies are not yet underway, there is already serious concern among environmental, indigenous, and development NGOs as to the ecological and social implications for the region of Hidrovia, which includes one the largest and most important inland wetlands in all of South America, the Pantanal, in the Brazilian state of Mato Grosso.

* Indigenous People's Fund: At the initiation of the Bolivian government, the IDB has established an Indigenous People's Fund to support the "self-development process" of indigenous peoples of the region. The Fund currently has no money in it; moreover, there have been questions raised about the effective participation of indigenous leaders in the creation and operation of the fund. While the Fund is a good idea, it can only work if it is conceptually and administratively led by indigenous peoples rather than well-meaning bureaucrats in Washington. Indigenous peoples organizations need to be directly involved in formulating the Fund's operational policies and priorities, and in decision-making once the Fund is operational.

An opportunity to make significant changes in the IDB's role in the region is during the negotiations for the Bank's Replenishment during 1993. The U.S. should pay special attention to improving the environmental assessment process, strengthening the environmental department, and updating environmental policies. Further, the current review of the loan portfolio, similar to the World Bank's "Wappenhans Report", should include an audit of the environmental affects of IDB lending.

X. United Nations

As a preliminary note we believe that all the I,O, and P accounts should be separate from anything the US decides to do on the Global Environmental Facility.

A. United Nations Environment Programme (UNEP)

In constant 1987 dollars the U.S. contribution to UNEP shrunk from \$16 million in 1979 to about \$15 million in 1992. For 1993 President Bush proposed to cut UNEP from last year's level, but Congress increased funding to \$22 million, of which \$1 million actually went to the State Department.

UNEP has a new executive director Elizabeth Dowdeswell, whom Friends of the Earth finds very impressive. We urge the Committee to substantially increase the UNEP contribution to \$30 million for fiscal 1994. The increase is justified for several reasons. The UN Conference on Environment and Development in Rio de Janeiro with Agenda 21 has placed large new responsibilities on UNEP. Furthermore, there is a need for UNEP to have special environmental assessment teams to plug into development proposals of UNDP and other UN agencies throughout the world on an as-needed basis in order to get better quality in development projects.

B. International Union for the Conservation of Nature (IUCN)

IUCN estimated that the U.S. provided 4.6% of its total contributions for 1991. Congress appropriated about \$1 million for IUCN for 1993. The current IUCN budget is approximately \$30 million, and Friends of the Earth would like to see the U.S. contribution increased to about \$8 million or roughly 25% of IUCN's total.

C. World Heritage Fund

This important Fund was established to identify and protect areas of unusual natural, historical, or cultural value. There are currently over 300 designated sites worldwide. The Fund provides about \$2.9 million in grants to member nations annually for technical assistance, training, and management. Significantly increased funding is justified, especially for biodiversity projects. In 1993 Congress appropriated \$450,000.

D. Ramsar Convention on Wetlands of International Importance

Under this treaty, to which the U.S. became a party in 1986, participating nations designate wetlands within their jurisdiction for inclusion on a list of significant sites. More than 400 sites covering roughly 30 million hectares have been listed to date. The U.S. provided \$250,000 for the first time to Ramsar in 1991. In 1993 Congress increased funding to \$750,000. Increased funding is needed to provide urgent help to monitor listed sites and to conserve wetlands in developing countries.

E. Convention on International Trade in Endangered Species (CITES)

The CITES secretariat is chronically short of funds and has been forced to accept contributions from private organizations, including interest groups such as the Japan Ivory Traders Association. In 1991 Congress appropriated \$750,000 to pay back dues. In 1993 Congress appropriated \$1 million. The US contribution to CITES should be raised to approximately 25% of its budget or about \$1.23 million.

F. UN Gulf War Claims Commission

The House of Representatives passed a resolution (H.Con. Res.246) last year, urging the Claims Commission to devote substantial attention to environmental restoration of the Persian Gulf in the aftermath of the war. The Claims Commission does not have environmental concerns high on its agenda. We urge this Committee to reiterate the message that environmental quality in the Gulf needs to be addressed for the long-term well-being of the people and that at least some portion of the initial Fund should be devoted to addressing the environmental damages of the largest oil spill ever on land as well as the largest ever on sea.

Friends of the Earth's discussion with the Claims Commission last year revealed some interest in environmental problems, but its first priority was to pay the airplane tickets of people who had to leave Kuwait.

STATEMENT OF NANCY WALLACE, WASHINGTON DIRECTOR, INTERNATIONAL POPULATION PROGRAM, SIERRA CLUB

Senator LEAHY. Ms. Wallace from the Sierra Club, again, an organization that has done a great deal to raise the consciousnesses of many members of this body.

Ms. WALLACE. Thank you, Sir. I would say it is an honor to testify in front of you. It is my fourth year as director of the Sierra Club population program. And I want to commend you on the personal fortitude to have this kind of hearing and say that from our side of the situation it is extremely helpful and we are very grateful for the effort that you and the committee and the staff put into it.

First of all, I would like to say Sierra Club is endorsing the testimony of Bruce Rich and Environmental Defense Fund in all but three areas, not to say that we disagree in those three areas. In particular, we would like to highlight our support for Gus Speth's nomination to U.N. Development Program head, and I would like to call attention in the second half of our testimony to the material on the international tropical timber organization.

I believe this is the first material submitted to either House or Senate this year on this particular organization. There is significant material in there concerning the difficulties ITTO is having in fulfilling its own mission, and we would appreciate your taking a look at it.

I would like to direct my comments to the issue of population. The Sierra Club has population as one of its four major national priority campaigns at this time, and have had a national campaign for 4 years on this. And we are very grateful for your leadership, particularly last year, in providing increased funding.

Although the Sierra Club is prochoice, our focus remains on the funding issue, because the lack of simple access to family planning worldwide is dependent primarily on adequate funds. We are not in the ballpark yet quite, even though your committee is doing heroic work in this difficult foreign aid environment.

Three items I would like to bring to your attention since our submission of testimony last year. One is this past fall a majority of the Nobel Laureates in the sciences signed a joint statement called the "World Scientist's Warning to Humanity," which called attention to the absolutely critical time factor of paying attention to environmental crises. And they had a special highlighted portion on population that is included in the testimony.

Two of the five recommendations of these senior scientists of the world community were directed at population, one to provide full access to voluntary family planning, and second, to increase the status of women.

Two other items are, I think, particularly relevant this year. One is that the decisions you make in the draft, in the subcommittee's report, will be the position and the funding levels that the United States takes to Cairo for the decennial U.N. World Conference on Population and Development. We would hope that the United States would take this opportunity to provide leadership for the rest of the world's industrialized countries and go to Cairo with the full Amsterdam funding levels that we pledged ourselves to, al-

though we did not commit in a binding legal agreement under the Bush administration.

And the third item is that UNICEF last year, in its 1992 State of the "World's Children" report—I think this was overlooked—they called family planning the single most important technology for the human race. I think that is a very strong statement by UNICEF. The child survival rate goes up 50 percent immediately when the mother can simply choose when to have her children. Again, in 1993, UNICEF highlighted family planning in their family report.

The last point is the cost effectiveness of family planning. We are asking for a very significant increase. And if we did not hear from the scientists and from the child survival experts, we would not be here asking for such a large amount. But the fact is that until we invest fully in family planning for approximately 12 consecutive years, not only are the numbers going to be large each year but they are going to continue to go up.

PREPARED STATEMENT

Please do not get mad at us as the messenger of news that may not be the most welcome in this climate. But with Dr. Jocelyn Elder scheduled to come on board with her priorities of sex education and birth control for the United States and the Clinton administration hopefully endorsing that as they have vaccines as a cost-effective investment, that would seem to be a very wise principle to incorporate in a new vision of foreign aid.

Thank you.

[The statement follows:]

STATEMENT OF NANCY WALLACE

Thank you for the opportunity to testify before you today. I am Nancy Wallace, Washington Director of the International Population Program. The Sierra Club, a national nonprofit environmental organization with 600,000 members, is entering its second century of environmental protection.

Sierra Club would like to present our views in this testimony on three discrete foreign operations topics: international population assistance, the nomination of Gustave Speth for head of the United Nations Development Program, and the International Tropical Timber Agreement. We support the testimony of Environmental Defense Fund on other areas of international development.

I. INTERNATIONAL POPULATION ASSISTANCE

The Sierra Club believes that a rapid end to population growth around the world, including the United States, is an essential part of any effort to protect our environment, sustain the ability of our planet to support life, and enhance the quality of life for human beings. Population stabilization within sustainable carrying capacity levels is a fundamental component of U.S. international environmental policy.

We would like to express out thanks to the Subcommittee for the very significant increase in international population assistance last year. It is our understanding that the increase allowed for a doubling of assistance to Mexico; starting a major new effort tackling the most difficult province in India; and helping to re-start the Pakistani program under the new, more committed Prime Minister. These are truly important gains which will have a net benefit to their communities and our global environment for decades to come.

U.N. Amsterdam Declaration and Other International Commitments:

The Sierra Club requests the inclusion of \$725 million in international population assistance funding for Fiscal Year 1994, as the U.S. share of the worldwide drive to provide full access to contraception for every person on the planet by the year 2000. The goal of full access was established by the first World Population Plan of action in 1974; reiterated by the 1984 U.N. World Population Conference; restated in the 1989 U.N. Amsterdam Declaration on Population in the 21st Century; and again laid out in "Agenda 21", produced by the 1992 U.N. Conference on Environment and Development in Rio de Janeiro.

The United States has signed every one of these documents. It is time that this simple, basic pledge was carried out. Sierra Club calls for necessary concrete actions by the United States and all nations to accomplish this goal by the year 2000.

Given the virtually unanimous commitment to re-structuring our foreign aid programs, we support this amount as an earmark, line item or functional account, as may be appropriate. We believe strongly that the population programs should remain as a discrete administrative entity, with legislative requirement from Congress to spend these funds on population programs exclusively. This requirement should accommodate the excellent work on maternal and child health, an integral part of most population programs.

We also request greatly increased attention to the supporting aspects of girls' education, women's health care, and women's economic development programs. All these improvements give women the ability to take advantage of family planning. Not only should these programs be expanded, but all other development initiatives should be given a directive to increase the involvement of women in the design and implementation of programs. Lasting progress comes from improving many factors, and empowerment of women, especially with simple power over their own bodies through family planning, is a critical ingredient in any long-term success. These initiatives to increase the status of women are also called for by the U.N. Amsterdam Declaration, and by Agenda 21 from UNCED last year.

We would also like to note that the World Summit for Children Implementation Act, expected to be introduced this month, includes the same funding level for international population assistance. Also, full access to family planning was again cited prominently this year by the annual UNICEF "State of the World's Children 1993" report, as it was highlighted last year, as one of the top determinants of child survival rates. Finally, these recommended funding levels are also incorporated in the International Population Stabilization and Reproductive Health Act introduced just last week in the Senate and House.

This year's funding request is \$75 million higher than last year's \$650 million level. The increase is due to the 18 million net additional couples who have entered their reproductive years during the past year. This annual increased need and request level will continue each year until we provide full funding for approximately 10 years, and fertility can drop to replacement level.

Full funding this year, and through at least the year 2000, is the only means possible to stop the greatly increased global cost each year of providing this basic health service and environmental necessity. This increase is, unfortunately, one of the strongest indicators that we must invest fully in family planning in order to accomplish net progress on population-related public policy objectives.

President's Budget:

We were please to note the \$100 million increase for the international population account in the President's budget. However, this increase constitutes only one third of the needed additional amount to meet the Amsterdam goal. Despite the difficult fiscal choices faced by Congress today, this crucial funding should be provided within the foreign aid account.

We are also pleased with the proposed State Department reorganization, creating a new Bureau of Population, Refugees and Migration. We also support creating a new Deputy Assistant Secretary for Population within the new Bureau, to provide parallel staff to the other two main issues of the bureau. As the population issue rises in priority with scientists, environmentalists, and policy makers in the U.S., this new expanded role within the State Department is essential to carry out effective international leadership. This new priority is especially important given the need to work with our allies in increasing their contributions to the international donor drive.

Other Industrialized Nations:

As clear as the need may be for dramatically increased U.S. funding, it is also clear that none of the other industrialized countries except for Norway, are close to the U.S. contribution levels on a basis of percent of GDP. We strongly urge Congress to direct AID and the State Department to initiate consultation with the 22 other industrialized nations, and especially the G-7, on dramatically increasing their funding. The Organization of Economic Cooperation and Development endorsed the funding targets in the Amsterdam Declaration in 1990, but again only Norway has implemented that decision. This pro forma treatment of such a major cause of human tragedy and environmental decay must be reversed. The U.S. should take steps to encourage the major backing of all industrialized nations at the highest possible funding level, and continue annual incremental increases until the Amsterdam goal of complete access is achieved.

World Scientists' Warning to Humanity

The environmental imperative of providing full access to family planning received the massive backing of the world's scientists this past year, in the issuance of a joint "World Scientists' Warning to Humanity." This statement was signed by 1,600 scientists, including 102 Nobel Prize Laureates -- a majority of the living recipients of the Prize in the sciences. They represent 70 countries, including all of the 19 largest economic powers, all of the 12

most populous nations, 12 countries in Africa, 14 in Asia, 19 in Europe, and 12 in Latin America. I must highlight that the list even includes members of the Pontifical Academy of Sciences at the Vatican. The Warning was sponsored by the Union of Concerned Scientists.

The Scientists' Warning states in its introduction that the world's environment is suffering critical stress in six areas: the atmosphere, water resources, oceans, soil, forests, and living species. Then, it highlights the population growth threat and the finite limits of our natural world: "Pressures resulting from unrestrained population growth put demands on the natural world that can overwhelm any efforts to achieve a sustainable future." [emphasis added]

The Warning is as follows:

We the undersigned, senior members of the world's scientific community, hereby warn all humanity of what lies ahead. A great change in stewardship of the earth and the life on it is required, if vast human misery is to be avoided and our global home on this planet is not to be irretrievably mutilated.

The warning has five areas which must be addressed, presented below. Two of these directly concern population:

- 1) We must bring environmentally damaging activities under control to restore and protect the integrity of the earth's systems we depend on.
- 2) We must manage resources crucial to human welfare more effectively.
- 3) We must stabilize population. This will be possible only if all nations recognize that it requires improved social and economic conditions, and the adoption of effective, voluntary family planning.
- 4) We must reduce and eventually eliminate poverty.
- 5) We must ensure sexual equality, and guarantee women control over their own reproductive decisions.

The scientists continue eloquently to say,

"The developed nations have the obligation to provide aid and support to developing nations, because only the developed nations have the financial resources and the technical skills for these tasks. Acting on this recognition is not altruism, but enlightened self-interest: whether industrialized or not, we all have but one life-boat. No nation can escape from injury when global biological systems are damaged. No nation can escape from conflicts over increasingly scarce resources. In addition, environmental and economic instabilities will cause mass migrations with incalculable consequences for developed and undeveloped nations alike.

Developing nations must realize that environmental damage is one of the gravest threat they face, and that attempts to blunt it will be overwhelmed if their populations go unchecked. The greatest peril is to become trapped in spirals of environmental decline, poverty, and unrest, leading to social, economic, and environmental collapse."

The scientists' perspectives leads us to recognize the implications of resource scarcity stresses now in Sudan, Ethiopia, Kenya, Djibouti, and Mozambique. Severe land degradation, defined as loss of half the potential agricultural yield, is already occurring in nearly one fifth of Africa. Yet, Africa's population is currently projected to increase 3 1/2 times by 2050. One might also include Haiti in this list as well, which is not only desertifying quickly, but destroying its last coastal fisheries through topsoil runoff simultaneously. Guatemala and Costa Rica are also facing increased deforestation pressures from population growth, with loss of precious tropical forests in both cases.

Critical Nature of Full Funding:

The same number of people are without contraception today as were three decades ago. This surprising fact has an even more amazing statistical consequence: the world today has a population base, without contraceptive protection, for a second equally large population explosion, on the same scale we have just experienced these past 30 years. We are now set to add 2.5 million people to 7 billion more people, after just adding 2.5 billion, virtually all in desperate poverty.

Yet contraceptive use has gone from around 5% in 1960 to just over 50% today. What happened?

The United States, nor any country except Norway, did not provide full funding for international population assistance, nor did any other industrialized country. Population growth took hold and then continued, despite a constantly increasing percent of contraceptive coverage, simply because coverage wasn't complete. Increased contraceptive coverage, short of full coverage, only slows down the rate of growth, it does not stop growth; given a longer time period, the same amount of growth occurs as if no additional contraception had been provided, and the environmental impact is the same.

Providing full funding -- not 66% such as last year, not 80%, not even 90%, unfortunately -- is the only way to gain any net progress on population growth. Inadequate funding produces exactly the same population growth, just a few years later -- there is zero net gain on the problem. Stability is only reached with full funding.

Thus, the least amount of money will be spent by spending all that is needed now. Otherwise, we will be faced eventually with the cost of providing services to two, three, or even four times the amount of people needing services today, according to the United Nations. In addition to the least cost for family planning and population programs, full funding is also a means of saving larger expenditures on other foreign assistance programs. These other programs are also being financially undercut by insufficient funding, through constant increase in client base, by lack of full investment in family planning. The financial losses from depriving people of family planning are immense.

Summary:

Mr. Chairman, do you think Americans are willing to pay \$2.86 each this year to make sure every single child born on this planet is born a wanted child; and to resolve one of the single largest threats to our world's environment? Sierra Club believes so, and is willing to work with you to make this public support clear to Congress.

Americans today are willing to pay more to protect the environment; and we are willing to face tough sacrifices to solve tough problems. But in exchange, the problems must be solved. The realities in this situation are:

Population stabilization is critical for a secure global and American future; anything less than full funding simply delays the population growth; and the population programs need \$725 million from the United States this year. Provision of full funding for FY94 is indeed a "great change in stewardship," as the scientists called for, and the United States should lead the way. Your leadership of including the full Amsterdam amount in the chairman's draft, with the subcommittee's support, would begin stabilizing global population, replacing a cycle of desperation and suffering with one of hope and promise. Our children and our planet deserve no less.

II. NOMINATION OF JAMES "GUS" SPETH TO UNITED NATIONS DEVELOPMENT PROGRAM

We wish this Subcommittee be made aware of our support of the nomination of James "Gus" Speth as the next administrator of the United Nations Development Program (UNDP).

Gus Speth, the founder and first president of the World Resources Institute, is a leader who can meet the challenges before UNDP.

Mr. Speth brings a strong expertise in sustainable development and is well suited to play a pivotal role in repositioning the United Nations efforts in this area. To be effective, however, Mr. Speth will need the full support of the U.S. Government including full funding. We request that the Congress demonstrate its commitment to environmental sustainability and protection by honoring the Administration's request.

III. INTERNATIONAL TROPICAL TIMBER ORGANIZATION AND AGREEMENT

The Sierra Club endorses testimony on the international financial institutions presented separately by the Environmental Defense Fund and World Wildlife Fund.

Although we have not testified on the International Tropical Timber Organization (ITTO) before, the organization and the agreement that establishes it, as well as the U.S. position and role in both, is of growing interest and concern. The views expressed herein on the ITTO are also endorsed by the National Wildlife Federation and the Friends of the Earth, U.S.

Established in 1983, two critical objectives of the 46 member agreement are: "to promote the expansion and diversification of international trade in tropical timber and the improvement of structural conditions in the tropical timber market," and "to encourage the development of national policies aimed at sustainable utilization and conservation of tropical forests and their genetic resources, and at maintaining the ecological balance in the regions concerned."¹ So far it has achieved neither.

Background – The UNCED Forest Principles

In order to understand the international context in which the International Tropical Timber Organization exists, we must refer to one of several key documents which emerged from the United Nations Conference on Environment and Development (UNCED) in Rio, known as the "Earth Summit." The document is the Forest Principles, known in full as the "Non-legally binding authoritative statement of principles for a global consensus on the management, conservation, and sustainable development of all types of forests."

In the Forest Principles, two key elements stand out amongst the rest. These are that the Forest Principles represent a "first global consensus on forests," and that they "should apply to all types of forests."² Although these points seem fairly obvious, negotiation of the Forest Principles was amongst the most contentious efforts of the Rio Earth Summit. Their conclusion yielded a strong consensus that in the future, international agreements and institutions addressing forests must include all forest types. There must be no double standards.

However, in spite of the important precedent and building block that these Principles represented, and interest in a future Global Forests Convention amongst some parties, no schedule was adopted for further international dialogue or action on the Principles or a Global Forest Convention. This was in sharp contrast to the other major agreements adopted, the Climate Change Convention, and the Convention on Biological Diversity.

¹. International Tropical Timber Agreement, 1983. (p.8).

². United National Conference on Environment and Development. Rio de Janeiro, 3-14 June 1992. "non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests." A/CONF.151/6/Rev.1.

In this context, we believe that all international agreements and institutional arrangements relating to forests should be examined for appropriateness of the inclusion of all forest types.

Environmentalists Review the International Tropical Timber Organization

In September, 1992 several environmental organizations concluded a lengthy, collaborative review of the ITTO's performance in the five years it has been operating.³ The conclusions and recommendations of the review are attached in full in Annex I, but we can unambiguously state here that the consensus of environmental groups worldwide is that the ITTO has thus far been ineffectual in its efforts to regulate or expand the tropical timber trade, to identify and fund high quality forest management or trade-related projects, or to affect changes in critical trade, pricing, tariff and forest management policies. Excerpts from a recent World Wildlife Fund letter to the lead U.S. negotiator for the U.S. at the ITTO aptly summarize the widely held concerns:

At the policy level, the ITTO has not been successful in transplanting its guidelines and commitments into improvements in tropical forest management on the ground. No member country has made a genuine and demonstrable commitment to apply and implement the guidelines for sustainable forest management at the national level despite a Council decision in May 1990 that member countries should do so. Generally speaking, it is difficult to point to policy changes in producing or consuming ITTO member countries that have come about due to the influence of ITTO.

ITTO's goal in supporting field projects has been to contribute in some way to fostering improvements in sustainable forest management. Unfortunately, ITTO projects are of every uneven quality and are so numerous that the organization's capacity to review, manage, and evaluate them is overstretched. Social and environmental aspects of tropical forest management have not been properly addressed. Environmental Impact Assessments and pre-project appraisals have not been carried out, and the approval of projects by the Council has often been done on political, rather than technical grounds.

Trade-related issues are vital for producing countries and are of far greater importance than project funding. ITTO's role in trade must be to improve the trade in timber produced under sustainable forests management practices. Unfortunately, ITTO has not acted on its role as a commodity agreement to address how trade issues such as tariff barriers, timber pricing, and value-added processing can be brought to bear on this question. In addition, reporting by members - whether concerning supply of timber products from producers or demand for timber from consumers -- has been fragmentary at best and the ITTO lacks the ability to apply sanctions or incentives to encourage improved reporting.⁴
(letter attached in full as Annex II)

Although, as noted by WWF, the ITTO's inability to apply sanctions or incentives to encourage improved reporting in the ITTO is of concern indeed, the real crime is that neither sanctions nor incentives have been applied to ensure that the international trade in tropical timbers moves toward trade in timber from sustainably managed forests only.

³. 22 September 1992. Sierra Club and Friends of the Earth, U.K. Conclusion and Recommendations on the International Tropical Timber Organization.

⁴. October 21, 1992. World Wildlife Fund. Letter from Matthew Perl to Milton Drucker.

In 1990, the ITTO adopted something called the "Target 2000," which holds that by 2000, all trade in tropical timbers by ITTO member countries should come from sustainably managed forests. The U.S. was the only ITTO member to oppose the 2000 target date and "expressed reservation about being held accountable for adhering to the time frame."⁵

However, since 1990 there has been absolutely no serious attempts by the ITTO, or the member countries, to impose restrictions, adopt incentives or labeling systems or initiate other meaningful measures to ensure that the ITTO and its member countries would actually achieve this goal.⁶ Voluntary reporting on progress toward Target 2000 has been extremely slim, and no countries have announced and adopted action plans. The U.S. government has yet to clearly state its commitment to this target date or to deliver its action plan to meet it, although attention to Target 2000's importance has been on the rise.

Nevertheless, with as much as 25% of all tropical forest loss directly related to logging, according to some experts⁷, and less than 1% of the trade in tropical timber originating from sustainably managed forests as of 1990⁸, there is absolutely no time to waste. The foot dragging and negligible real progress toward this target date, which most regard anyway as "too little", too late" to affect most of the remaining vast tracts of relatively intact tropical forests, has caused many groups, including the Sierra Club, to conclude that without binding targets and timetables, required reporting and solid enforcement measures, the "Target 2000" amounts to little more than a public relations ploy. At worst, it enables U.S. government and industry to maintain unfettered access to underpriced tropical timber, while all the while claiming to be trying to "do the right thing."

Please remember: in 1992 the United Nations Food and Agriculture Organization updated its global deforestation rates, and found that between 40 to 50 million acres of forests were being damaged or destroyed each year. This is an area roughly equivalent to Washington State. In addition, deforestation rates in individual countries have been on the rise, and many formerly tropical timber exporting countries become net importers if timber, due to the depletion of the bulk of their productive forests. This trend is expected to continue.

Renegotiation of the International Tropical Timber Agreement

The renegotiation of the 1983 International Tropical Timber Agreement (ITTA, hereafter "the agreement") is underway, and once adopted is expected to be in effect for ten years. Two informal negotiating sessions have occurred since September, 1992, and the first formal session is scheduled for April.

While originally expected to conclude by June, 1993, British Chairman Andrew Bennet now predicts the negotiations may stretch until November. The primary reason for the potential delay is the radically differing positions of the "producer" and "consumer" caucuses.

⁵. World Wildlife Fund. May 23 press release, Indonesia.

⁶. While it is commendable that the ITTO developed Guidelines for the Sustainable Management of Natural Tropical Forests, Guidelines for the Sustainable Forest Management, no ITTO member country has yet to adopt any of these guidelines, or implement them in national legislation. Furthermore, environmental groups find these guidelines severely skewed toward "sustained yield" timber production, rather than sustainable management of forests for a variety of purposes, including timber production AND the maintenance of environmental services, biological and genetic diversity.

⁷. Norman Meyers, British ecologist. Personal communication.

⁸. Duncan Poore, International Tropical Timber Organization, 1990.

ITTO "producer" countries (those from the tropics, even though they may be net importers of tropical timber) argue that the ITTO should in fact become an "ITO." As a commodity agreement, they say, the ITTO must incorporate all timbers traded internationally. This position was adopted formally by the ITTO producer caucus in Quito, Ecuador in late January. The "consumer" caucus, led by the United States, strongly disagree. The Sierra Club, Friends of the Earth, National Wildlife Federation as well as the Environmental Defense Fund, Greenpeace International and the World Wildlife Fund side with the producer countries. The ITTA must include all timbers.

In brief, there are at least five reasons that the ITTA must include all timbers:

1. To eliminate an unfair double standard.
2. To increase the potential for the ITTO to effectively address fundamental timber trade issues, and to harmonize standards and practices.
3. To generate a much wider debate in temperate countries over sustainability standards.
4. To bring the huge temperate timber trade under some sort of international regime, and to encourage it to meet standards of sustainability.
5. To continue progress in the broader arena of global forest policy making.

In addition, the ITTA is the only U.N. commodity agreement that excludes a portion of the commodity in question based on its regional origin. This flies in the face of other international agreements, such as the UNCED Forest Principles, as we mentioned earlier, the UNCED Agenda 21 (covering all forest types), and the General Agreement on Tariffs and Trade (GATT), which currently disallows exclusive or discriminatory treatment of products based on their region of origin.

Annex III contains a detailed examination of these and other issues relating to the expansion of the ITTA to cover all timbers.

Clinton Administration

Our organizations have worked diligently with the U.S. delegation to the ITTO to make our views known. Written comments were submitted in September, 1992, and our positions have not changed since then. Our organizations will continue to express our views to and work closely with the Clinton Administration. While the Clinton Administration's position on the renegotiations is not yet clear, we do highlight President Clinton's commitment in his recently released Economic Package to "address more coherently the many challenges posed by the degradation of the global environment, through strong support for international agreements and programs to protect that environment." (p. 68) President Clinton has pledged to build a "new approach to global environmental problems," and we are hopeful that renegotiation of the ITTA will be one of the first places that he and his team begin.

Recommendations for the Committee

In view of our close examination of the ITTO's performance, and consistent with our expressed views to the U.S. government elsewhere, we would like to recommend that the following broad conditions be attached to Congressional appropriations for U.S. participation in the ITTO:

1. The agreement must cover all types of timber traded internationally, including temperate, tropical, boreal and austral woods.
2. The agreement's primary focus be trade-related commodity issues, such as ensuring market transparency, the internationalization of costs (including social and environmental costs), prices, domestic wood processing, and technology transfers.

3. The agreement contains targets and timetables, and enforcement measures, to transform the international timber trade to trade in timber from sustainable managed forests only. Key elements of such a program must include: timber labelling, a system for further defining, identifying and providing incentives for timber produced from sustainable managed forests, differential tariffs, and endorsement of the use of unilateral sanctions as enforcement measures under the agreement, if needed. The ITTO's "Target 2000" must be retained in the agreement only if solid measures to achieve it accompany it.

4. The agreement significantly reduces the ITTO's project identifying and finding activities. For those few ITTO projects that remain, Environmental Impact Assessments must be required, while research projects related directly to trade policy development, and institutional strengthening of timber trade information gathering capacities receive priority.

In addition, immediately prior to President Bush's departure from office, \$2 million in new funding for U.S. participation in the ITTO was appropriated. In light of this additional funding, the ITTO's past poor performance, and the altered scope for the ITTO which is advised herein, we recommend increased Committee scrutiny of the U.S. participation in the ITTO.

We recommend that the Committee request six month and one year reports on the U.S. progress in the ITTO in achieving implementation of the four key reform elements outlined above. We also recommend that the Committee request for its use an annual report on the international timber trade, including summarized information on volumes, prices, tariffs, species, deforestation and reforestation rates, remaining forest cover (original and second growth), and country by country progress toward harvesting only timber products from sustainable managed forests. The role of international institutions and agreements such as the United Nations, the World Bank, the International Monetary Fund, the General Agreement on Tariffs and Trade, the Biological Diversity Convention and the Convention on International Trade in Endangered Species to support and encourage the transition to a timber trade from sustainable sources only could also be examined.

FOREIGN AID PROGRAM

Senator LEAHY. Certainly, you need not worry about me killing the messenger on this. You are giving a message that I have tried to give over and over, year after year on the floor. We are not going to attack problems of health care, problems of status of women, sustainable agriculture—sustainable in the sense of a country being able to renew their agricultural base and not constantly deplete it—desertification, all the other problems that we see in so much of the world, if we do not attack the question of population.

This committee will never have the kind of funds to simply do a foreign aid program that really makes a real difference in a lot of the developing world if we are not also doing something about overpopulation. At the same time, while we are doing something about overpopulation we have got to help out with so many of the other aspects. It is not simply a population issue, as I know you would agree.

When in the population having children many times is the only form of social security, the only way to till your crops and everything else, we have also got to have some kind of a balance. We have got to have some kind of a promise of a better life without that. And you have got to have some realization and some kind of a structure in there that if you want to have 2 children or 3 children that you do not have to have 10 to have 2 or 3 that might live to maturity. And that is not going to happen if we do not at-

tack everything from the ability to have food, water, and on and on.

So I agree with you, and it has been said and neglected in not only the United States, but in the rest of the countries able to provide foreign aid that must face up to it.

STATEMENT OF SCOTT SKLAR, EXECUTIVE DIRECTOR, U.S. EXPORT COUNCIL FOR RENEWABLE ENERGY

Senator LEAHY. Mr. Sklar.

Mr. SKLAR. Thank you, Mr. Chairman. I represent the U.S. Export Council for Renewable Energy, which is the consortium of the six U.S. renewable energy and efficiency trade associations. We really want to thank this subcommittee for consistently supporting a set of highly innovative activities, three of which I would like to highlight.

One is the International Fund for Renewable Energy and Efficiency, with support of AID, DOE, EPA, and the Rockefeller Foundation, which addresses the two issues that Mr. Rich and Blackwelder addressed, which was, A, to provide cost share prefeasibility assistance with U.S. industry for sustainable industry projects overseas, and B, to provide experts to the multilateral development banks because they claim they do not have the expertise to make intelligent decisions, and there are a few willing souls in those institutions which we provide experts to, and indeed they are funding some projects.

The second or two regional approaches, one with the Latin American energy ministers developing a regional approach to renewable energy, and second, with the energy leaders in the southern part of Africa to do the same. Regional approaches are the way to bring these new technologies overseas.

Yesterday, I was at the White House where they announced the formation of the Council for Sustainable Development, whose purpose and premise was that the United States can create employment and economic growth while meeting environmental objectives. It is just this thesis that our industries in the renewable energy and efficiency area believe our development activities should all into. Not only will this create sustainable employment in the United States, but also in the developing countries.

I am sad to point out, Senator, that the new upper echelon at AID, the new appointees, do not believe in a strategic partnership with the U.S. renewable energy, efficiency, or environmental industries, and they are not committed to maintaining the programs at the Office of Energy or at the AID missions to promote replicable projects.

Until we can enlighten the new appointees, we suggest and urge that the committee support fiscal year 1993 level funding for the Office of Energy and Infrastructure and the AID replicable projects in the missions, with explicit directives to support industry partnerships because otherwise they will close down the activity.

We have 175,000 villages being electrified worldwide with renewable energy as the primary least-cost strategy today. That is with small wind, photovoltaics, and microhydro. We still have 2 billion people without access to electricity. Our industries are mostly small businesses, and if we are able to use the AID programs, the Exim

and OPIC programs, and the multilateral programs of the World Bank to aggregate markets, we can scale up manufacturing, lower cost substantially, and create jobs.

A highlight is this photovoltaic module I showed you last year of thin film TV. We now have on Earth Day announced a new manufacturing facility, 10 megawatts per year, of a new automated plant in this technology in Norfolk, VA. We have five other manufacturing facilities going up in the United States due to activities that this subcommittee has been pushing.

We have other technologies where we are developing joint ventures overseas. I wanted to show you the newest one. This is solar icemaking technology; 30 percent of food processing is lost because they cannot preserve their food. And we are using solar thermal technology which just creates ice all during the sunny part of the day to preserve fish and other kinds of food supplies; joint ventures in Mexico and Micronesia.

PREPARED STATEMENT

We are not asking for more money, but we are asking your support to promote these joint ventures in microenterprise, and I hope you will continue to emphatically continue your support of these activities, and we can promise you that it will create sustainable jobs both in the United States and abroad, and thank you for your time.

Senator LEAHY. Thank you very, very much.

[The statement follows:]

STATEMENT OF SCOTT SKLAR

INTRODUCTION

The U.S. Export Council for Renewable Energy (US/ECRE), the trade consortium of the six renewable energy and energy efficiency industry associations, urges the Subcommittee on Foreign Operations to stick with its strong guidance to the Agency for International Development (AID) to integrate renewable energy applications in its energy, agriculture, healthcare, development, and infrastructure programs in a meaningful way.

Our recommendations for FY '94 build upon the previous guidance of this Subcommittee as well as the growth in opportunities of the U.S. renewable energy industries in an era of reprioritization of AID's programs, the effects of the U.N. Conference on Environment and Development (UNCED), and the passage of the Energy Policy Act of 1992 which provides a number of new authorizations for AID.

The Subcommittee should realize that worldwide activities to promote renewable energy have increased significantly. Today, Mexico is using its own resources to electrify nearly 60,000 villages beyond the existing electric utility grid. The renewable energy options, in this case micro-hydropower, photovoltaics and wind, are the least-cost options to provide electricity to a population that would otherwise be unserved for generations. Similar efforts are about to be initiated in Indonesia (48,000 villages), India (39,000 villages), Sri Lanka (20,000 villages), Zimbabwe (4,500 villages) and Brazil (2,000 villages). The real issue is whether the United States or our competitors will garner the dominant marketshare of these new and emerging markets.

These immense impending market and development opportunities, which will surpass \$4 billion in aggregate by the year 2000, require an unusual focus and resolve of the United States' development and export agencies to work hand-in-hand with the U.S. renewable energy industries. Therefore, US/ECRE recommends a seven point plan to promote environmentally-benign U.S. technologies, principally biomass, energy efficiency, geothermal, hydropower, photovoltaics, solar thermal and wind energy.

The failure of the United States to position itself as a leading prime mover of the range of environmental technologies, hinders not only the U.S.'s competitive position, but encourages dependency of the poorest countries of the world to export their precious resources and foreign exchange to import energy. This encouragement of fossil fuel dependence insures that these developing countries will be unable to grow out of debt, leaving them with less resources to acquire a broad range of U.S. produced goods and services.

What the U.S. renewable energy industries are asking this Subcommittee is for a clear, consistent, and determined message to the Agency for International Development (AID) at the highest level. The goal would be to implement a strategic development plan in cooperation with the U.S. renewable energy industries and the AID Mission Directors to promote these technologies in a cost-effective and systematic way to promote sustainable development.

PROPOSAL

The U.S. Export Council for Renewable Energy (US/ECRE) asserts that an essential ingredient for reducing greenhouse gas emissions must be a substantial increase in the utilization of renewable energy. If sustainable development by the Third World is to be ultimately achieved, it must rely on the use of renewable indigenous resources to build worldwide economic growth. And finally, the only way to significantly achieve the kind of world market penetration needed to accomplish these goals is to develop policies and create new financing tools to aggregate markets which will significantly lower the costs of renewable energy to make these technologies accessible to the world's peoples.

The seven point plan will definitely lead to this goal and the U.S. industries ask the Administration and the U.S. Congress to facilitate this important goal:

- **Establish an AID Associate Director for Environment and Technology:** Unless a senior position is created that reports directly to the AID Administrator, it will be impossible to integrate the very technologies that are essential to promote sustainable development. The Associate Director should chair an intra-agency board to assure that these technologies are intelligently integrated into existing AID programs, including those at the Mission level, and the Administrator should send a cable to missions making renewable energy a priority.
- **Require a Report to Congress by AID on Energy and Development (\$150,000):** This small money would force AID and its Mission's to focus on energy as a tool for development. Currently, energy (particularly sustainable energy) is the lowest priority for AID and the AID Missions. This low priority is due primarily to the fact that energy is seen unto itself rather than as a tool to further development priorities. Obviously, energy is intrinsic to everything we do, and therefore it is essential to utilize energy resources effectively in every AID program.
- **Support the Energy Policy Act of 1992 Initiatives:** these were promoted by US/ECRE (Sections 1608 (XVI) and 1211 (XII)) which specifically establish technology transfer, training, and project identification and development. These aggregate programs were authorized at \$20 million and should direct \$35 million for a feasibility study/resource assessment/pilot project fund financed through the already-established International Fund for Renewable Energy and Efficiency (IFREE) prefeasibility study cost-shared fund. An additional \$5 million should be directed toward training including the VITASAT low-orbit satellite program (\$350,000), Center for Advanced Water Technologies (\$500,000), Alternate Energy Institute (\$350,000), Florida Solar Energy Center (\$350,000), Sandia National Laboratories Design Assistance Center (\$500,000) and the Center for Renewable Energy and Sustainable Technologies (\$375,000).
- **Expand the Existing AID Office of Energy and Infrastructure Budget (\$45 million):** This increases support of the Office to work fruitfully with industry which has been an important factor in the growth of the U.S. renewable energy and efficiency industries in the world markets. The additional monies should, in part, be used to further US/ECRE's efforts to develop overseas technical and development assistance by co-locating industry experts at U.S. government-supported facilities in Latin America, South Asia, and Eastern Europe. No less than \$2 million should be directed at this effort to insure an effective and sustainable program. Additional international energy activities supporting ECRE's goals would include adaptive technology development, planning tools, support for World Bank FINESSE activities and a rural power initiative for Africa. These activities should receive no less than \$5 million.
- **Create an AID Environmental Fund (\$15 million):** Rather than focussing as the Bush Administration did on a regional environmental focus (Asian Environmental Partnership), a world-wide effort should be established by supporting pre-feasibility and technology assistance in support of position abatement and prevention applications, equipment and services. While the AEP is a well-intended effort, its meager funding and regional focus limit its potential. This effort must be coordinated with US/ECRE and the Environmental Technology Export Council (ETEC).
- **Initiate a Sustainable Development Initiative (SDI):** or "Renew Fund" which would provide project cost-sharing or "risk buydowns" of sustainable development efforts such as those demonstrated in the Dominican Republic or supported by the World Bank's FINESSE (Asian Branch) program. This funding must allow tied or mixed credit financing as used effectively by the Europeans. Efforts such as these will accelerate the deployment of new financing tools for those market aggregation efforts which are sustainable, yet promote U.S. equipment and services. Such a fund is essential and should operate at a start-up mode of no less than \$125 million per year. This fund should be considered part of a billion-dollar effort using redirected Economic Support Funds, thus creating no net cost to the treasury.

- **Co-fund the Global Environmental Facility (GEF):** The United States must become a full participant in multilateral efforts to promote environmental technologies and practices. In addition, the U.S. should mimic efforts by Germany and Japan (tied or mixed credit financing) to develop specially-designated funds at The World Bank and the regional development banks which further U.S. development goals.

This \$220 million proposal in FY 1994 would increase U.S. sales of renewable energy, energy efficiency, and environmental technologies three-fold. But more importantly, such an action will set in motion a chain of events that will attract private capital to such an extent that these technologies will drop in cost, causing U.S. marketshare to grow, Third World oil dependence to drop, and the global environment to substantially improve. The tax gain for the United States or what we call "deficit reduction" would equal \$1.5 billion – a good return on the U.S. investment with a multitude of altruistic and long-lasting benefits.

CONCLUSION

The United States must come to terms on how we can best utilize our development programs. No one, it appears, is happy with the current AID programs. However, the Congress must begin to set development priorities now, and not wait for a long-term reorganization. By sending a new set of signals, the United States can leverage an impressive set of global activities.

As the attached fact sheet shows, the world is moving towards renewable energy and the United States holds the lead in almost all these technologies. The United States also holds a lead in services including the development of Energy Service Companies (ESCO's) and packaging or system design, maintenance, and deployment services.

Can the United States foster sustainable development and increase U.S. business opportunities simultaneously? Yes, but only if AID's programs are refocused towards a collaborative effort. The directives this Subcommittee has given in the last few years has surely helped (AID would have done nothing otherwise). The new authorizations for AID in the Energy Policy Act of 1992 are essential if we are to leverage our lead in renewable energy. But unless funding priorities are re-ordered which match the re-ordering of funding at the U.S. Department of Energy by the Administration towards renewable energy and energy efficiency, we will be unable to achieve an even modest advance.

The US/ECRE seven-point plan for sustainable development should serve as a guideline for the Administration and the U.S. Congress to facilitate an unparalleled opportunity to promote environmentally-sound development and create over 100,000 new jobs in the United States.

While over 50 percent of renewable energy equipment and services are exported, the U.S. cannot sustain our markets globally without a pragmatic U.S. development program committed to renewable energy. The global renewable energy market should grow nearly 30 percent per year and the U.S. could garner over half of that expanding market with a minimal investment. Our industries ask you to join with us to take advantage of this unprecedented opportunity. Thank you.

HIGHLIGHTS OF RENEWABLE ENERGY ACTIVITIES SUPPORTED THROUGH AID THROUGH DIRECTIVES OF THE SUBCOMMITTEE ON FOREIGN OPERATIONS

INDONESIAN WIND

In Indonesia, the US-AID mission provided support last year for the installation of a pilot wind-electric water pumping system on a small scale irrigation project in Eastern Indonesia. This system, which replaces three kerosene powered pumps, may lead to the financing of thousands of U.S. manufactured units by the Japanese OECF. The AID Mission support was critical to the pilot project success because it allowed installation oversight, planning, and training that could not be supported by the Japanese (who paid for all the hardware). The World Bank

FINESSE office has also orchestrated a \$98 million renewable energy component to the upcoming \$600 million Indonesian Rural Electrification II (RE/II) loan, set for assessment this summer. This component of RE II will cover least-cost renewable energy systems for rural communities and wind power's competitiveness should make it a participant in the resulting projects. A study completed by Bergey Windpower Co. last year, with support from the U.S. Department of Energy and The World Bank, showed that wind-powered battery-charging stations were a least-cost approach to rural electrification. Since this technology, however, has yet to be adequately demonstrated and tested, the AID Office of Energy and Infrastructure has supported wind resource assessment activities in Indonesia and the Jakarta mission has proposed a \$4 million project, the Outer Islands Wind Power Project, to accelerate the adoption of small wind turbine technology, including battery charging stations, in Eastern Indonesia. This latter project, which US/ECRE endorses, would be funded under the \$15 million earmarked last year for new renewable energy projects.

MEXICO PHOTOVOLTAICS

The AID office in Mexico is providing partial funding support to a U.S. Department of Energy (DOE) renewable energy program. The program, known as the Mexico-U.S. Renewable Energy Cooperation program or PROCER, involves renewable energy training, technical assistance, information dissemination, wind and solar resource assessment, and work on financing issues. This activity supports a Mexican Government program of rural electrification using clean renewable energy technologies, primarily photovoltaics, windpower, and micro-hydropower. The AID office in Mexico is also supporting biomass energy development, through a buy-in to the AID Office of Energy and Infrastructure's Biomass Energy Systems Technology (BEST) project. Mexico has become the largest market for U.S.-manufactured photovoltaics, where this technology will be ultimately used in 60,000 villages. This project, tied to a Central American collaborative just recently signed, will allow U.S. industry to scale-up manufacturing.

PHILIPPINES MICRO-HYDROPOWER

In 1990, the National Hydropower Association participated in a project identification mission to the Philippines to identify the opportunities for U.S. export of products and services for the United States hydropower industry. One unique opportunity which was identified was the development of approximately 36 mini-hydropower sites, totalling approximately 47-51 MW (approximately \$75M U.S. in equipment and construction cost). In January 1993, with AID/OE&I support, representatives of the U.S. Hydropower Export Trading Company are working to consummate the project. A Canadian team followed the U.S. team in an attempt to develop these sites.

COOK ISLANDS BIOMASS COMBUSTION

The Cook Islands Government is presently co-operating with an agency of the United States Government to conduct a study of the feasibility of siting a biomass facility in the Cook Islands. The Electricity sold to the utility will offset electrical power which would have been produced from expensive and environmentally-damaging diesel fuel. As a result of the Pacific Island Nations Conference held by US/ECRE with support by AID, DOC and DOE, a project identification team visited the Cook Islands. As a result, the plant they decided on will be designed to convert up to 25 tons per day of waste biomass into 500 kilowatts of continuous electrical energy. The waste biomass will be gathered from the island residences in a manner similar to the present refuse collection system. In addition, waste generated by clearing of right-of-ways, lots, and other lands will be collected and recycled into electrical energy production. Estimates indicate that present activities on the island of Rarotonga generate enough biomass waste to continuously produce at least 2000 kilowatts (2 megawatts) of electrical energy.

KENYA GEOTHERMAL

The Kenya Power and Lighting Company has agreed in principle to develop a five-year energy sector investment plan that would include private power. AID negotiations with the Government of Kenya, as well as support for a prefeasibility study for private geothermal power generation, have led to the adoption of a private power strategy for geothermal energy development in Kenya. This is expected to open the Kenya energy market to the U.S. geothermal industry.

IFREE AWARDS CYCLE

The International Fund for Renewable Energy and Efficiency (IFREE), co-funded by AID, EPA, and The Rockefeller Foundation, was created to provide cost-shared pre-feasibility studies for renewable energy and energy efficiency projects. The first proposal approved for funding was submitted by Integrated Power Corporation (IPC) and Westinghouse Solar Energy Division. The IFREE funds are supporting IPC-Westinghouse's analysis of the rural electrification needs of Indonesia's Easter Islands. The analysis includes assessing the island biomass, small-scale hydropower, solar and wind resources, identifying potential project sites, designing model integrated-power systems and developing cost-benefit analysis comparisons of alternative models for ownership and cost-recovery. Under the second proposal approved by IFREE for funding, Trans-Pacific Geothermal Corporation is carrying-out the necessary negotiations and associated studies related to the development of the Ahuachapan and Berlin geothermal fields in El Salvador. The third proposal approved came from Resource Enterprises, Inc. (REI). REI is studying the development of both in-mine and virgin coal-bed methane in one of the major coal fields in the Donabas Region of the Ukraine. The proposed uses for the new gas are electric power generation and as a feedstock in the production of intravenous parenteral solution drugs. International Applied Engineering (IAE) was the fifth firm granted IFREE funding. IAE is studying the feasibility of a 1MW waste biomass-to-energy plant for, and in conjunction with, the Government of the Cook Islands. The final batch of prefeasibility study funding committed by IFREE in the first round went to the consortium of Creston Financial Group, HEC, Inc. (HEC), and the Hungarian Energy Services Company (HESCO) for a demand-side management (DSM) project on four hospitals in Hungary. The proposed project includes the design, financing, construction, and long term (10 year) operation and maintenance of energy conservation measures for the MAV Hospital, Gyor Hospital, St. Janos Hospital and Sote Hospital.

STATEMENT OF MICHAEL MARVIN, DIRECTOR OF GOVERNMENTAL AND PUBLIC AFFAIRS, AMERICAN WIND ENERGY ASSOCIATION

Senator LEAHY. And Mr. Marvin.

Mr. MARVIN. Thank you. I would like to associate myself with the comments of the preceding speaker and in part his high praise of your efforts over the years.

I want to briefly summarize the testimony that we provided to the subcommittee recommending several funding priorities. The first is a new provision in the Energy Policy Act of 1992, section 1211, and funding at a level sufficient to get the program running and to support international resource assessment activities which are critical both to wind and solar development.

The second, as Mr. Sklar mentioned, the funding of the international fund for renewable energy and efficiency at a level we would recommend, \$12 million, and the final is the Committee on Renewable Energy, Commerce, and Trade correct at a level of \$3 million.

Last year, the committee reported, paraphrasing, that renewable energy has significant promise in providing developing countries with environmentally sound energy paths and the promise for de-

centralized power delivery. But in a report earlier this year, GAO outlined just a few of the obstacles in our path. Quoting one:

Renewable energy continues to face two key problems. One, it has limited influence over how much funding member agencies such as AID provide for renewable energy activities, and two, it cannot match the level of Government subsidies available to our foreign competitors.

Well, we are seeing a growing recognition of the importance of a sustainable energy policy in our aid efforts. We are seeing an acknowledgement that AID can but is not recognizing the full worth of renewables. As we prove our cost competitiveness, the continued cooperation of AID becomes ever more critical.

I wanted to mention one other item that I mention in my opening comment. Resource assessment is part of section 1211 of the Energy Policy Act. One of the most significant events that has taken place in the last year since I spoke to the subcommittee is the availability of a brand new data base of wind and solar resource information. And with brand new methodologies perfected by the Pacific Northwest Laboratory, we can take this data base and we can compile information on wind and solar characteristics in countries around the world.

Literally, this could save 1 to 3 full years of resource collection efforts. It may not seem like much, but it really is a quantum leap. It is a leap that we can take, however, only if the support is provided to allow full analysis of this data, and we would urge this subcommittee to support through report language the analysis of this data by the Pacific Northwest Labs.

I want to reiterate a concern our industry briefly mentioned to the subcommittee earlier this year. In its earmark last year of 15 million for replicable renewable energy projects by AID, our industry is concerned that the congressional intent of that was a collaborative effort with U.S. industry.

And what we found is there seems to be an effort by AID to include that as part of the global environmental fund \$50 million commitment to allow for a double counting of these projects. This would open it up to an international solicitation and a concern that the industry's needs may not be fully addressed. Our concerns are outlined in letters that we have sent both to the House and to the Senate Subcommittee on Foreign Operations.

PREPARED STATEMENT

To summarize, the Committee has taken a very special interest in sustainable energy development, and in particular the wind and the solar energy industries, recognizing both their economic and their environmental importance. The industry is deeply appreciative of this subcommittee's efforts, of the Appropriations Committee's efforts, and we urge your continued guidance over this process.

[The statement follows:]

STATEMENT OF MICHAEL L. MARVIN

[The American Wind Energy Association has represented all facets of the wind energy industry since 1974. Its members include manufacturers, developers, exporters, utilities, academicians and others interested in the future of wind energy. AWEA has nearly 700 members in 48 of the 50 states.]

On behalf of AWEA and its members, I want to thank the committee for its strong support of economic growth both here and abroad through the support of clean, efficient renewable energy technologies. More balanced growth will mean more environmentally manageable growth. The subcommittee's mandates to encourage renewable energy growth have been crucial in getting key development agencies to recognize renewables as an important part of the energy portfolio. AWEA and its members are highly aware of this subcommittee's pivotal role and wish to express our sincere appreciation for your continued efforts.

The Agency for International Development (AID) is beginning to heed the committee's advice in encouraging renewable energy projects, with mixed results. Some problems remain with the manner in which AID is implementing legislative mandates providing by this Committee with regards to replicable renewable energy projects, but the industry remains hopeful that, through the collaborative process, a solution to some of the concerns may be found. The committee's support has been one of the keys to achieving the productive "critical mass" necessary to maintain world renewable energy leadership in technology and markets. To sustain our momentum, AWEA believes that the following funding priorities should be implemented for fiscal year 1994:

- * Support AID's energy program for renewable energy projects and implementation of Section 1211 of the Energy Policy Act of 1992, with the Committee's stated support for resource assessment activities;
- * Fund the International Fund for Renewable Energy and Efficiency (IFREE) at \$12 million
- * Fund the Committee on Renewable Energy Commerce and Trade (CORECT) through the Office of Technical Assistance at the Department of Energy (CE) at a minimum level of \$3 million

The last two years have seen dramatic developments in the international wind energy community. The European Wind Energy Association, with the support of the European Economic Community and member country governments, has successfully crafted a massive research and market development program that has the capability of launching European wind technology into a *Sputnik*-like leap over their U.S. competitors. Europeans have put together a \$190 million annual development program that will provide vastly increased resources for international market development efforts. Our federal support remains at less than 20 percent of that figure.

Wind energy is increasingly being incorporated into developing countries energy development programs, and finally is being incorporated into projects financed by multilateral development banks and the Global Environmental Facility (GEF). For example, in India, a renewable energy project is being developed incorporating 85 Megawatts (MW) of windfarm capacity. This project, which also received a GEF grant, was developed under the World Bank-U.S. Department of Energy (DOE) FINESSE Project (Financing Energy Services for Small-Scale Energy Users). The World Bank-DOE FINESSE Project has been instrumental in promoting renewable energy development in Asia; it will be instituted in Latin America in the next several months. Other countries where wind energy projects are being implemented include Mexico, Uruguay, Mauritania and Costa Rica. A project in Costa Rica, a 20-MW wind project pursued by the Costa Rican utility, is expected to receive support from both the Inter-American Development Bank and the GEF. This program is encouraging, but our international competitors are in a much better position to capture these emerging market opportunities because of their strong export promotion programs.

In 1992, the Office of Technology Assessment published a 300-page report on energy supply and efficiency opportunities for developing countries, "Fueling Development: Energy Technologies for Developing Countries." One area of analysis in this seminal report was the relative competitiveness of various village electrification alternatives, including grid extension, engine generators, microhydropower, photovoltaics and small wind turbines. Among its major findings were:

--"With reasonable assumptions concerning discount rates, capacity factors, and fuel costs, microhydropower and wind turbines can have the lowest life-cycle costs in locations where the resource is sufficient."

--"Diesel generators have by far the lowest initial capital cost, but when fuel and O & M costs are considered, diesel generators are of comparable expense to renewable technologies--more expensive than wind turbines and microhydro, and less expensive than photovoltaics. The cost of electricity production from diesel engine generators is heavily dependent on fuel prices and quality of maintenance."

This report points to a vast and untapped opportunity for small wind turbines, a technology in which the U.S. enjoys a technological and world-wide market share lead. While photovoltaic systems have garnered over \$100 million in world-wide bilateral aid over the last decade, small wind systems have received less than \$1 million.

IFREE has been particularly valuable in helping U.S. industry respond to those rapidly-developing opportunities. IFREE has been able to provide rapid turnaround in support of unanticipated project needs, a critical capability in the dynamic and often mercurial world of international market development.

Recently, the GAO released a report of activities of the Committee on Renewable Energy Commerce and Trade (CORECT) that highlights the tremendous advantage European and Japanese companies have over U.S. competitors because of their governments' use of donor aid programs. Such programs give them entry into less developed country markets. While AWEA recognizes the budgetary constraints under which the U.S. government is now operating, we must also be aware that moving timidly could mean that we forfeit our competitive edge in an area where we have already proven to be the world's leader.

We believe that as part of any general review of AID and U.S. foreign assistance in general, the issue of how development assistance programs support critical export industries must be addressed. AWEA is concerned that the U.S. renewable energy industry will not be able to benefit fully from positive developments, such as the involvement of the GEF and World Bank in renewable energy projects. If foreign competitors use development assistance programs to steer procurement to their own industries, we believe it important that the U.S. respond in kind. For example, in the case of the India wind projects financed under the World Bank and GEF, Denmark will be providing some "soft credit" financing in parallel with the multilateral agencies. Given Denmark's history of tied aid in support of wind energy exports, this financing may well lock out the U.S. wind industry from Indian procurements. The U.S. must learn to operate in a similar manner, if it wishes to benefit from such multilateral projects. AWEA recommends the opening of a \$250 million loan window at Eximbank for all forms of renewable energy that can be "mixed" with other types of aid, including grants. Such a fund would have the additional advantage of helping the U.S. to meet its obligations under the UNCED Rio treaty.

AID's progress has been slow, but it has been visible. For example, AID/Mexico is providing some funding (\$650,000) to support DOE renewable energy activities in Mexico. Through AID/Bolivia, it is providing \$1.7 million to support renewable energy development. Funding in these two countries involves FY92 money reprogrammed last summer (reportedly in response to Congressional expressions of interest). AID also is moving to respond to the FY93 earmark of \$15 million for renewable energy projects, through solicitation of projects from AID Missions and other overseas offices. Again, these actions would not have been possible were it not for the direct interest and oversight of this committee.

We remain concerned, however, that AID is requiring that the proposed renewable energy projects not be tied to procurement of U.S. renewable energy goods and services because of an effort to count these projects as Global Environment Fund efforts. After literally years of concentrated efforts, USAID seems to have undercut the Congressional intent of the earmark. While in certain cases the absence of formal tying is unavoidable (such as Mexico, where it is precluded by OECD agreements), it is aggressively pursued by our competitors. This is especially true in the case of renewable energy.

Mr. Chairman, the need continues for Congressional guidance regarding AID's energy monies for so-called "replicable renewable energy projects," and we support the report language included in the House Committee Report accompanying the FY '94 bill. Renewable energy projects will stimulate a much broader use of such projects in mission programs, reducing the need for uneconomic extensions of the utility grid and non-sustainable fossil-fueled generators. Funds must be made available from outside of the missions' own budgets so that there is an incentive to initiate new activities. These funds must also come from a central coordinating source (i.e., the Office of Energy) rather than being distributed throughout various parts of the agency. Given the problems discussed above concerning AID's implementation of the earmark, we believe that control over FY 94 implementation be vested in offices which have a better understanding of renewable competition worldwide and a better sense of how to reconcile U.S. industry concerns with sustainable development projects.

The AID Office of Energy, working in close cooperation with the DOE Office of Conservation and Renewable Energy, should implement FY 94 renewable energy activities pursuant to Section 1211 of the Energy Policy Act of 1992. Together, they are familiar with industry and market concerns and issues. DOE and AID are required under Section 1211 (attached) to cooperate in the operation of the Innovative Renewable Energy Technology Transfer Program, which is in essence a renewable energy export promotion program.

We recommend that a substantial portion of the renewable earmark funds should be used to support implementation of section 1211, and that AID renewable energy activities should use as guidelines the goals enunciated in section 1211 concerning promotion of U.S. renewable energy exports. The message for change, again, must be clear and unmistakable.

Mexico, as we have reported before to this subcommittee, has made a major commitment to renewable energy development, with 1992 expenditures topping \$20 million and increasing at a rapid pace. Mexico has revamped its renewables program by bringing it into the mainstream of project development. Local communities and states will be allowed to initiate proposals independently, which should increase the number of projects percolating up for financing. It is one of the two best short-term markets (the other being Indonesia) for the U.S. wind energy industry.

AWEA's definitional mission to Mexico, conducted two years ago, estimated the Mexican market for small wind turbines alone at \$100 million. Currently, major barriers to realizing these markets include poor wind resource data, financing bottlenecks, and limited (but growing) awareness of the potential for wind power among public and private sector Mexican officials. Each of these barriers is being addressed to some degree by AWEA and U.S. agency programs, but our total capability to serve this market is not growing as rapidly as is the demand. The U.S. is complementing and supplementing the Mexican program through the Mexico-U.S. Renewable Energy Cooperation Program (known as PROCER), which is playing a vital role in coordinating activities.

Recent and planned activities to address the Mexican market include a series of workshops in Mexico and Guatemala addressing water pumping and water disinfection as wind applications (in cooperation with Sandia National Labs); continued development of pilot projects both for large-scale wind projects and for remote applications (funding by Eximbank, with technical assistance by Sandia Design Assistance Center, the National Renewable Energy Laboratory and others); wind resource assessments through the AID-sponsored anemometer loan program; cooperation for wind mapping (through the DOE program and Pacific Northwest Laboratory);

and development/harmonization of technical standards. Several hybrid village power systems being developed are expected to serve as catalysts for replication in numerous other villages through Mexico.

One example is the project at Xcalac in the state of Quintana Roo. The wind/solar hybrid system incorporates six U.S.-manufactured wind turbines of 10 kilowatts each and approximately 11 kilowatts of U.S.-manufactured photovoltaic modules. This project was completed in August of 1992 at a cost of \$450,000, and eliminated the need to extend the grid 110 kilometers--at a cost of at least \$3.2 million. It should also be noted that discussions between U.S. companies and Mexican agencies about larger wind power plants have begun, and development of the first windfarm in Mexico is under way.

The wind resource assessment activities in Mexico are addressing one of the most troubling barriers to wind energy project development. Just as good wind maps and data in the U.S. provided a jump-start to wind development in this country, good wind resource information is the critical path element in wind development abroad. Wind resource assessment must precede or parallel development efforts in order to move projects ahead in a timely manner. Capability and fund to do resource assessment in our target markets are sorely lacking.

We have the opportunity now, however, to make a quantum leap in this area. We have access to new data sources that represent a gold mine of information, and new methodologies developed by the Pacific Northwest Laboratory allow us to make far better use of existing data sources. This capability gives us a significant advantage over our competitors, but that advantage will disappear over time as the data become more available and others develop similar methodologies. We need to move rapidly to capture that opportunity. As importantly from this committee's perspective, in most cases solar energy resource assessment can be accomplished through the same database and same efforts. AWEA requests that this committee strongly urge that resource assessment efforts such as this be supported (at a level of at least \$2 million) through funds allocated through Section 1211 of the Energy Policy Act of 1992.

Central American countries such as Guatemala, Honduras and Costa Rica also represent strong markets for wind energy applications because of their largely rural and remote populations, their desire to promote maintenance of forest resources or reforestation, and their need for indigenous energy resources to limit their dependence on imports. A strong U.S. renewable energy presence in these regions can promote economic growth (and thus political stability), environmentally-responsible energy development (thus mitigating greenhouse gas emissions) and continued U.S. business activity in Latin American markets.

In Indonesia, the U.S. AID mission provided \$25,000 in September of 1992 to support the installation of a pilot wind-electric water pumping system on a joint U.S.-Japanese small-scale irrigation project near Kupang, west of Timor. A picture of this installation is attached. This system, which replaces 3 kerosene-powered pumps, may lead to the financing of literally thousands of similar units by the Japanese OECF (Overseas Economic Cooperation Fund). The AID mission support was critical to the pilot project's success because it allowed installation oversight, planning, and training that could not be supported by the Japanese (who paid for all hardware) project. The World Bank FINESSE Office also has orchestrated a \$98 million renewable energy component to the upcoming \$600 million Indonesian rural electrification II loan, set for assessment in early fall. This component of "RE II" will cover least-cost renewable energy systems for rural communities. Wind power's cost-effectiveness in eastern Indonesia should make it a leading participant in the World Bank loan. A study completed by one of AWEA's members, with support from USDOE and the World Bank, showed that wind-powered battery charging stations was the least-cost approach to rural electrification in eastern Indonesia, and could provide unsubsidized rural electrification even in the poorest provinces.

In order to achieve the production economies of scale necessary to recapture and maintain technological leadership, these rapidly developing markets must be pursued with all possible vigor.

CONCLUSION

Although strides have been made, there is much work to be done to promote U.S. renewable energy technologies forcefully and competitively. Working with this subcommittee, we feel confident the next few years offer great potential for sustainable third world energy development. Program continuity and growth must be maintained by the U.S. Congress to promote renewable energy. Priorities should include:

- * **Support AID's energy program for renewable energy projects and implementation of Section 1211 of the Energy Policy Act of 1992, with the Committee's stated support for resource assessment activities;**
- * **Fund the International Fund for Renewable Energy and Efficiency (IFREE) at \$12 million**
- * **Fund the Committee on Renewable Energy Commerce and Trade (CORECT) through the Office of Technical Assistance at the Department of Energy (CE) at a minimum level of \$3 million**

In addition, the U.S. Congress must continue to press for integration and coordination of U.S. development programs to ensure effectiveness and responsiveness. Agencies ignoring renewable energy's potential must be brought on board quickly before opportunities are squandered. Finally, all development agencies to which the U.S. contributes, whether U.S. or international, should be required to evaluate and report regularly on their progress in promoting renewables as a growing part of their development agendas.

Mr. Chairman, thank you for this opportunity to address the subcommittee.

SEC. 1311. INNOVATIVE RENEWABLE ENERGY TECHNOLOGY TRANSFER PROGRAM.

(a) **ESTABLISHMENT OF PROGRAM.**—The Secretary, through the Agency for International Development, and in consultation with the other members of the interagency working group established under section 256(d) of Energy Policy and Conservation Act (in this section referred to as the "interagency working group"), shall establish a renewable energy technology transfer program to carry out the purposes described in subsection (b). Within 150 days after the date of the enactment of this Act, the Secretary and the Administrator of the Agency for International Development shall enter into a written agreement to carry out this section. The agreement shall establish a procedure for resolving any disputes between the Secretary and the Administrator regarding the implementation of specific projects. With respect to countries not assisted by the Agency for International Development, the Secretary may enter into agreements with other appropriate Federal agencies. If the Secretary and the Administrator, or the Secretary and an agency described in the previous sentence, are unable to reach an agreement, each shall send a memorandum to the President outlining an appropriate agreement. Within 90 days after receipt of either memorandum, the President shall determine which version of the agreement shall be in effect. Any agreement entered into under this subsection shall be provided to the appropriate committees of the Congress and made available to the public.

(b) **PURPOSES OF THE PROGRAM.**—The purposes of the technology transfer program under this section are to—

(1) reduce the United States balance of trade deficit through the export of United States renewable energy technologies and technological expertise;

(2) retain and create manufacturing and related service jobs in the United States;

(3) encourage the export of United States renewable energy technologies, including services related thereto, to those countries that have a need for developmentally sound facilities to provide energy derived from renewable resources;

(4) develop markets for United States renewable energy technologies to be utilized in meeting the energy and environmental requirements of foreign countries;

(5) better ensure that United States participation in energy-related projects in foreign countries includes participation by United States firms as well as utilization of United States technologies that have been developed or demonstrated in the United States through publicly or privately funded demonstration programs;

(6) ensure the introduction of United States firms and expertise in foreign countries;

(7) provide financial assistance by the Federal Government to foster greater participation by United States firms in the financing, ownership, design, construction, or operation of renewable energy technology projects in foreign countries;

(8) assist foreign countries in meeting their energy needs through the use of renewable energy in an environmentally ac-

ceptible manner, consistent with sustainable development policies; and

(9) assist United States firms, especially firms that are in competition with firms in foreign countries, to obtain opportunities to transfer technologies to, or undertake projects in, foreign countries.

(c) **IDENTIFICATION.**—Pursuant to the agreements required by subsection (a), the Secretary, through the Agency for International Development, and after consultation with the interagency working group, United States firms, and representatives from foreign countries, shall develop mechanisms to identify potential energy projects in host countries, and shall identify a list of such projects within 240 days after the date of the enactment of this Act, and periodically thereafter.

(d) **FINANCIAL MECHANISMS.**—(1) Pursuant to the agreements under subsection (a), the Secretary, through the Agency for International Development, shall—

(A) establish appropriate financial mechanisms to increase the participation of United States firms in energy projects utilizing United States renewable energy technologies, and services related thereto, in developing countries;

(B) utilize available financial assistance authorized by this section to counterbalance assistance provided by foreign governments to non-United States firms; and

(C) provide financial assistance to support projects.

(2) The financial assistance authorized by this section may be—

(A) provided in combination with other forms of financial assistance, including non-United States funding that is available to the project; and

(B) utilized to assist United States firms in the development of innovative financing packages for renewable energy technology projects that utilize other financial assistance programs available through the Federal Government.

(3) United States obligations under the Arrangement on Guidelines for Officially Supported Export Credits established through the Organization for Economic Cooperation and Development shall be applicable to this section.

(e) **SOLICITATIONS FOR PROJECT PROPOSALS.**—(1) Pursuant to the agreements under subsection (a), the Secretary, through the Agency for International Development, within one year after the date of the enactment of this Act, and subsequently as appropriate thereafter, shall solicit proposals from United States firms for the design, construction, testing, and operation of the project or projects identified under subsection (c) which propose to utilize a United States renewable energy technology. Each solicitation under this section shall establish a closing date for receipt of proposals.

(2) The solicitation under this subsection shall, to the extent appropriate, be modeled after the RFP No. DE-PS01-90FE62271 Clean Coal Technology IV, as administered by the Department of Energy.

(3) Any solicitation made under this subsection shall include the following requirements:

(A) The United States firm that submits a proposal in response to the solicitation shall have an equity interest in the proposed project.

(B) The project shall utilize a United States renewable energy technology, including services related thereto, in meeting the applicable energy and environmental requirements of the host country.

(C) Proposals for projects shall be submitted by and undertaken with a United States firm, although a joint venture or other teaming arrangement with a non-United States manufacturer or other non-United States entity is permissible.

(F) ASSISTANCE TO UNITED STATES FIRMS.—Pursuant to the agreements under subsection (a), the Secretary, through the Agency for International Development, and in consultation with the inter-agency working group, shall establish a procedure to provide financial assistance to United States firms under this section for a project identified under subsection (c) where solicitations for the project are being conducted by the host country or by a multilateral lending institution.

(g) OTHER PROGRAM REQUIREMENTS.—Pursuant to the agreements under subsection (a), the Secretary, through the Agency for International Development, and in consultation with the working group, shall—

(1) establish eligibility criteria for host countries;

(2) periodically review the energy needs of such countries and export opportunities for United States firms for the development of projects in such countries;

(3) consult with government officials in host countries and, as appropriate, with representatives of utilities or other entities in host countries, to determine interest in and support for potential projects; and

(4) determine whether each project selected under this section is developmentally sound, as determined under the criteria developed by the Development Assistance Committee of the Organization for Economic Cooperation and Development.

(h) SELECTION OF PROJECTS.—(1) Pursuant to the agreements under subsection (a), the Secretary, through the Agency for International Development, shall, not later than 120 days after receipt of proposals in response to a solicitation under subsection (e), select one or more proposals under this section.

(2) In selecting a proposal under this section, the Secretary, through the Agency for International Development, shall consider—

(A) the ability of the United States firm, in cooperation with the host country, to undertake and complete the project;

(B) the degree to which the equipment to be included in the project is designed and manufactured in the United States;

(C) the long-term technical and competitive viability of the United States technology, and services related thereto, and the ability of the United States firm to compete in the development of additional energy projects using such technology in the host country and in other foreign countries;

(D) the extent of technical and financial involvement of the host country in the project;

(E) the extent to which the proposed project meets the purposes stated in section 1201(b);

(F) the extent of technical, financial, management, and marketing capabilities of the participants in the project, and

the commitment of the participants to completion of a successful project in a manner that will facilitate acceptance of the United States technology for future application; and

(G) such other criteria as may be appropriate.

(3) In selecting among proposed projects, the Secretary shall seek to ensure that, relative to otherwise comparable projects in the host country, a selected project will meet 1 or more of the following criteria:

(A) It will reduce environmental emissions to an extent greater than required by applicable provisions of law.

(B) It will make greater use of indigenous renewable energy resources.

(C) It will be a more cost-effective technological alternative, based on life cycle capital and operating costs per unit of energy produced and, where applicable, costs per unit of product produced.

Priority in selection shall be given to those projects which, in the judgment of the Secretary, best meet one or more of these criteria.

(i) **UNITED STATES-ASIA ENVIRONMENTAL PARTNERSHIP.**—Activities carried out under this section shall be coordinated with the United States-Asia Environmental Partnership.

(j) **BUY AMERICA.**—In carrying out this section, the Secretary, through the Agency for International Development, and pursuant to the agreements under subsection (a), shall ensure—

(1) the maximum percentage, but in no case less than 50 percent, of the cost of any equipment furnished in connection with a project authorized under this section shall be attributable to the manufactured United States components of such equipment; and

(2) the maximum participation of United States firms.

In determining whether the cost of United States components equals or exceeds 50 percent, the cost of assembly of such United States components in the host country shall not be considered a part of the cost of such United States component.

(k) **REPORTS TO CONGRESS.**—The Secretary and the Administrator of the Agency for International Development shall report annually to the Committee on Energy and Natural Resources of the Senate and the appropriate committees of the House of Representatives on the progress being made to introduce renewable energy technologies into foreign countries.

(l) **DEFINITIONS.**—For purposes of this section—

(1) the term "host country" means a foreign country which is—

(A) the participant in or the site of the proposed renewable energy technology project; and

(B) either—

(i) classified as a country eligible to participate in development assistance programs of the Agency for International Development pursuant to applicable law or regulation; or

(ii) a developing country.

(2) the term "developing country" includes, but is not limited to, countries in Central and Eastern Europe or in the independent states of the former Soviet Union.

(m) **AUTHORIZATION FOR PROGRAM.**—There are authorized to be appropriated to the Secretary to carry out the program required by this section, \$100,000,000 for each of the fiscal years 1993, 1994, 1995, 1996, 1997, and 1998.

Senator LEAHY. Thank you very much, and I thank the panel very much. Senator DeConcini of Arizona, who has, albeit with some justification, spent a great deal of time telling his colleagues about the abilities of Arizona in certain sporting arenas, as a punishment for bragging so much about them, he will now be allowed to chair this hearing—that is not OK.

Senator DECONCINI. It is an award. It is an award.

Senator LEAHY. It is an award. I am sorry. [Laughter.]

I slipped for a minute.

Senator DECONCINI. I appreciate you letting me do this.

Senator LEAHY. Again, I should note, every one of you have messages that we could easily spend a day on because of the importance of what you do. And I apologize that we cannot, because we are going to be in a very difficult time this year trying to put together a foreign aid budget. There are a lot of areas that are going to have to be cut, among other things to make room for aid to Russia, which is our greatest national security interest.

Each one of you speaks to things that are near and dear to me, as you know from past performance. So I thank you all very much for being here, and I turn the gavel over to Senator DeConcini.

Senator DECONCINI [presiding]. Mr. Chairman, thank you. I am glad to do it, and I am sorry I was not here to listen to all of your statements. But I am familiar with a number of your organizations and we welcome that in our deliberations. Thank you, ladies and gentlemen.

STATEMENTS OF CALEB ROSSITER, DIRECTOR, PROJECT FOR DEMILITARIZATION AND DEMOCRACY

Senator DECONCINI. Our next panel will be Caleb Rossiter, Project for Demilitarization and Democracy; Mr. C. Miller Davis, Heifer Project International; Ron Gollehon, U.S. Overseas Cooperation Development Council; and David Beckmann, Bread for the World. We will start with you, Mr. Rossiter.

You may be assured that your full statements will be inserted in the record, and you may summarize them.

Mr. ROSSITER. Thank you, Mr. Chairman. I bring thanks to the subcommittee from the arms control and development communities. During the past year, this subcommittee did more than any other part of the U.S. Government to address the crisis of militarization that is denying developing countries the peace, democracy, and economic growth that they deserve and we as an exporting nation also need.

In an election year in which the administration had little interest in shaping in post-cold war foreign policy, this subcommittee was able to guide into law a moratorium on landmine exports, the end of military aid to the dictatorship in Indonesia, and the beginning of United States efforts to reduce the waste of \$200 billion in annual military spending by developing countries. Who knows what can be accomplished this year with an administration that says it is rebuilding a foreign policy based on democracy and human rights.

Let me offer some suggestions, along with a pledge that the arms control and development communities again will roll up their sleeves to help this subcommittee.

Let us start with landmines. The moratorium was the first restriction on arms transfers since the end of the cold war. This may not seem significant until you remember that United States arms transfers to developing countries have doubled since the Soviet Union dissolved.

The subcommittee rejected the argument that conventional arms control is bad for the U.S. economy. Instead, the subcommittee had handed out taxpayer dollars to help landmine victims, and so understood just how costly arms transfers can be, both in human and economic terms.

What should be done now? Certainly, the subcommittee should extend the moratorium which has created a strong international response. More importantly, you should push the administration to negotiate a complete ban on antipersonnel landmines. Millions of lives will be saved if this tiny weapon of mass destruction is completely outlawed.

Next, on the issue of arms transfers to dictators. By cutting off military aid to Indonesia, the subcommittee affirmed the important principal that giving unelected governments military support is inconsistent with promoting democracy. But why should unelected governments be able to buy what we will not give them? I urge the subcommittee to prohibit Indonesia and all other unelected governments from buying weapons under the current process which, as you know, permits sales to go forward unless two-thirds of both Houses of Congress vote no.

Unelected governments would be eligible for arms sales under the current rules only if Congress specifically enacted a national security exemption.

As in the fight over the landmines moratorium, you will hear again and again, if we do not sell it somebody else will. The subcommittee must answer as it did for landmine exports. We will not sell it and we will convince our allies not to either. Both in the case of the current transfer to Indonesia and other proposed sales, the subcommittee should encourage the administration to work with Allies such as Britain and Russia to achieve joint bans on arming dictators.

I would note that the arms control community is now coalescing around a proposal for a U.S. code conduct on arms transfers that would ban sales to dictators and human rights abusers.

Finally, on the issue of military spending by developing countries, last year the subcommittee instructed State and Treasury to take military spending into account when approving bilateral and multilateral foreign aid. Now, that sounds pretty routine, but this was the start of what may prove to be a very important international economic initiative, the dramatic reduction of \$200 billion in military spending, much of it wasteful and essentially extorted by powerful armed forces.

Treasury has already asked the IMF and World Bank why military programs should not share the pain of structural adjustment. I urge the subcommittee to keep the pressure on in this area by requiring U.S. opposition to multilateral loans where military spending is excessive.

In this year's bill, some extreme cases should be barred from receiving U.S. votes for multilateral lending. In the longer term, the

subcommittee should encourage the administration to seek the appointment of U.N. representatives to help countries negotiate dramatic mutual force reductions with their neighbors.

The subcommittee may hear, as it did last year, that such legislative conditions are the province of the authorizing committee, or that such policy matters should be initiated only by the executive branch. All I can say is I am glad you did not listen last year and I hope you will not this year. The people of the developing world and of the United States do not care which committee or which branch of government stops the violence and waste of militarization, they just want it to stop.

PREPARED STATEMENT

A developing world of dictatorship, war, and military rule holds a poor future for us all. Thanks to the subcommittee for having had a different vision and the gumption to do something concrete about it.

Thank you.

Senator DECONCINI. Thank you, Mr. Rossiter.

[The statement follows:]

STATEMENT OF CALEB ROSSITER

Mr. Chairman and members of the Subcommittee, I bring you thanks from the arms control and development communities. During the past year, this Subcommittee did more than any other body in the entire United States Government to address the crisis of militarization, a crisis which is denying developing countries the peace, democracy and economic growth that they deserve and which we, as an exporting nation whose future is linked to the world economy, desperately need.

Frankly, I don't know quite how in an election year in which the administration had little interest in shaping a post-Cold War foreign policy, the Subcommittee was able to guide into law three new demilitarization initiatives -- a moratorium on land mine exports, the end of military aid to the dictatorship in Indonesia, and the beginning of U.S. efforts to reduce the waste of \$200 billion in annual military spending by developing countries. Who knows what you can accomplish this year, working with an administration that says it is ready to build a new foreign policy based on democracy and human rights?

Let me offer some suggestions, along with a pledge that the arms control and development communities will again roll up their sleeves, both at the grass-roots level and in Washington, to help you.

* Let's start with Landmines: The landmines moratorium -- included in the Subcommittee's bill and passed into law as part of the defense authorization -- was literally the first restriction on arms transfers since the end of the Cold War. This may not seem significant, until you remember that U.S. arms transfers to developing countries have actually doubled since the Soviet Union dissolved. In banning landmine exports, the Subcommittee rejected the oft-repeated canard that conventional

arms control is bad for the U.S. economy. Instead, because the Subcommittee has handed out taxpayer dollars under its War Victims initiative, you understood just how costly arms transfers can be, both in human terms and in economic terms.

What should be done now? Certainly, the Subcommittee should extend the moratorium, which has created a strong international response. More importantly, you should push the administration to negotiate a complete ban on the use or possession of anti-personnel land-mines. Literally millions of lives will be saved if this tiny weapon of mass destruction is outlawed.

* Next, on the issue of Arms transfers to dictators: By cutting off military aid to Indonesia, the Subcommittee last year affirmed the important principle that giving unelected governments military support is inconsistent with promoting democracy. But then why should unelected governments be able to buy the military support that we won't give them? I urge the Subcommittee to prohibit Indonesia -- and all other governments which the State Department's annual human rights report says do not permit citizens to change their government peacefully -- from buying weapons under the current arms sales process. As you know, that process permits an arms sale to go forward unless two-thirds of both Houses of Congress votes against it. The reform I would propose is that unelected governments would be eligible for arms sales under the current rules only if Congress specifically enacted a national security exemption proposed by the President.

As in the fight over the landmines moratorium, the arms export industry will argue that unilateral restraint is useless. You'll hear again and again: "If we don't sell it, someone else will." The subcommittee must answer, as it did for land-mine exports: "We won't sell it, and we'll convince our allies not to either." Both with the current proposal to approve the transfer of Jordanian F-5Es to Indonesia and with other proposed sales, the Subcommittee should encourage the administration to work with allies such as Britain and Russia to achieve joint bans on arming

dictators. I would note that the arms control community is now coalescing around a proposal for a U.S. Code of Conduct on Arms Transfers that would ban sales to dictators and human rights abusers.

* Finally, on the issue of Military Spending by developing countries: Last year the Subcommittee instructed the State and Treasury Departments to report on how they are taking military spending into account when approving bilateral and multilateral foreign aid for each country. Now, that sounds pretty routine. But this was the start of what may prove to be one of the most important international economic initiatives Congress has ever undertaken: the dramatic reduction of \$200 billion in military spending, much of it wasteful and essentially extorted by powerful armed forces, and all too often used for internal repression rather than external defense.

As a result of the Subcommittee's work, the Treasury Department has already asked the International Monetary Fund and World Bank why military programs shouldn't share cuts with social programs in structural adjustment plans. I urge the Subcommittee to keep the pressure on in this area by requiring U.S. opposition to multilateral loans when spending is excessive, and the government in question has made no plans to curb it. The definition of excessive can never be a purely statistical one, but rather a judgment by the administration or the congress.

Some extreme cases should be identified by the Subcommittee in this year's bill, and barred from receiving U.S. votes for multilateral lending. That would bring a needed jolt of reality to international institutions that for too long have given away U.S. funds to countries that could easily cover them with their own military reductions. In the longer term, the Subcommittee should encourage the administration to seek the appointment of U.N. representatives charged with helping countries negotiate dramatic mutual force reductions with their neighbors.

Should the Subcommittee move forward in the areas I have mentioned, it will undoubtedly be told, as it was at times last year, that it is out of line, that these legislative conditions are the province of the authorizing committee, or that these policy matters should be initiated by the executive branch and only monitored by Congress. All I can say is, I'm glad you didn't listen last year, and I hope you won't this year. The people of the developing world and of the United States don't care which committee or which branch of government stops the violence and the waste of militarization. They just want it to stop. A developing world of dictatorship, war and military rule holds a poor future for us all; thank you for having had a different vision, and the gumption to do something concrete about it.

STATEMENT OF C. MILLER DAVIS, ON BEHALF OF THE HEIFER PROJECT INTERNATIONAL

Senator DECONCINI. Mr. Davis.

Mr. DAVIS. I am substituting for Dr. James De Vries, the director of our international programs of Heifer Project International, a private voluntary organization headquartered in Little Rock, AR. These few comments are only a small portion of the testimony as you have before you.

I serve presently as the chairman of the board of Heifer Project International, and am here in that regard.

Some 50 years ago, a farmer and member of the Church of the Brethren Dan West had a dream. He was giving out relief supplies, including powdered milk, to refugees, and dreamed of a day when each parent would be able to produce enough food to feed his or her children. That dream was the start of Heifer Project International, [HPI].

Since 1944, HPI has helped over 1 million farm families in over 110 countries do just that, by providing them with food producing animals and related training. Dan West, we think, was far ahead of his time. In a day when the major threat to world peace was perceived as the rise of communism, he thought the most effective way to bring about and ensure peace was to help the hungry feed themselves in a sustainable way.

In March, Senator Leahy stated: "Congress and the administration must find a broadly acceptable redefinition of the purpose of foreign assistance in the post-cold-war era." We at HPI agree wholeheartedly. We also agree that this new purpose must be sustainable and participatory development.

Heifer Project's five decades of experience with sustainable development have shown us that with the right assistance and policies people can and will develop themselves. Hunger and poverty can be overcome. As we sit in this room, millions of families are struggling

to eke a living from a tiny plot of land. Many will not be able to provide food this day for their children. There should be no wonder why so many nations lack stability.

Grassroots level sustainable development can literally change a nation by allowing families to feed themselves and becoming self sufficient, by halting environmental degradation, and by encouraging democratic movements. Mr. Chairman, our Government programs must build in the experience of PVO's and business and work closely with them. It is time to forge a new alliance to address what are truly global problems.

We, therefore, make nine specific recommendations. Time does not allow me—does not permit me reading the entire list, so let me share only three.

One: Establish sustainable and ecological sound development is the clear goal for our humanitarian foreign assistance.

Two: Increase the funding for this type of assistance as opposed to military and economic support assistance.

Three: Channel the bulk of foreign humanitarian assistance through private voluntary and other nongovernmental organizations and a few multilateral agencies such as the International Fund for Agricultural Development. Use agencies which have a proven track record in terms of sustainable development at a reasonable cost.

PREPARED STATEMENT

Mr. Chairman and members of the subcommittee, we can solve the problems of hunger, poverty, powerlessness, and ecological degradation at the same time. This is perhaps the first time in modern history that we have an opportunity to do so. We urge you to act wisely, decisively, and with vision. We at HPI are committed to do our part in partnership with you, other like-minded organizations, and most importantly, the poor.

Thank you very much for allowing us this opportunity to share our vision.

Senator DECONCINI. Thank you, Mr. Davis.

[The statement follows:]

STATEMENT OF JAMES DEVRIES, DIRECTOR, INTERNATIONAL PROGRAMS, HEIFER PROJECT INTERNATIONAL

Mr. Chairman, Members of the Subcommittee:

My name is Miller Davis and I am the Chairman of the Board of Directors of Heifer Project International which is a Private Voluntary Organization headquartered in Little Rock, Arkansas. I am also the Director of the Church of the Brethren, World Ministries Commission. Today I am testifying in my role as the Chair of Heifer Project International.

Fifty years ago a farmer and member of the Church of the Brethren, Dan West, had a dream. He was giving out relief supplies including powdered milk to refugees and dreamt of a day when each parent would be able to produce enough food or earn enough to feed his or her children. That dream was the start of Heifer Project International (HPI). Since 1944, HPI has helped more than 1 million farm families in over 110 countries do just that by providing them with food producing animals and related training.

Dan West was far ahead of his time. In a day when the major threat to world peace was perceived as the rise of communism, he thought the most effective way to bring about and ensure peace was to help the hungry feed themselves in a sustainable way. The greatest threats to world peace today are impoverishment, injustice, and lack of democracy or participation. Haitian and Chinese boat people, Somalia, and the Baltics are living examples of this.

We are at a crossroads. In March Senator Leahy stated that "Congress and the administration must find a broadly acceptable redefinition of the purpose of foreign assistance ... in the post-cold-war era." We at Heifer Project agree wholeheartedly.

We also agree with what we see as the emerging consensus within the administration, USAID and the Private Voluntary Community, that this new purpose must be sustainable and participatory development.

Heifer Project's five decades of experience with sustainable development have shown us that with the right assistance and policies people can and will develop themselves. Hunger and poverty can be overcome. Eliminating hunger and poverty is not only right from a humanitarian point of view but right in terms of our national interest. Poverty, disease environmental degradation and oppression know no boundaries. These are world wide problems.

As we sit in this room, hundreds of millions of families are struggling to eke a living from a tiny plot of land. Many will not be able to provide food this day for their children. Many will feel that their desperate situation is the result of others having control over the most important resources. There should be no wonder why so many nations lack stability.

Grassroots-level sustainable development can literally change a nation by allowing families to feed themselves and become self-sufficient, by halting environment degradation and by encouraging democratic movements.

Mr. Tinkamanyire of Uganda can show us how this is done. In 1989 he received from Heifer Project International, through a local farmers' cooperative, a pregnant dairy heifer and training in animal management. With that simple boost, he and his wife were able to provide adequate nutrition for their children. And with the extra income from milk sale, he was able to build a permanent brick house, pay school fees for the children and buy some land on which to grow more pasture and crops.

He also planted trees and grass on the contours to provide firewood for the future and to cut down soil erosion. And following Heifer Project International practice, he donated one of his cow's offspring to another family so they could do the same thing.

Through multiplication and imitation, this sustainable development program which incidently was supported by USAID under a Matching Grant, has had a marked impact on the Uganda and neighboring Tanzania. Those who question the effectiveness of such an approach to eliminating poverty are invited to visit second generation farmers in Korea, Poland, Japan and Ecuador who are successful today because HPI helped their parents with livestock and training.

It is important to maintain and even increase foreign assistance. USAID should not be disbanded but reformed in an effort toward sustainable development. We have witnessed many spectacular failures in foreign aid, but we have also seen very positive results in the areas of disaster assistance, maternal and child care, and sustainable agriculture.

We urge you to consider how our foreign assistance can be restructured for maximum sustainable benefit and to recognize the importance of rural small-scale agricultural development in your appropriations.

Idriss Jazairi, the former President of the International Fund for Agricultural Development, recently stated that the poor themselves must overcome their poverty. It cannot be done for them. Giving people handouts is not only not effective and very expensive, but detrimental as it saps their initiative and spirit. The rural people, who in many third world countries constitute 50 to 80 percent of the total population, must be at the center of any development assistance program.

Land, labor, creativity, and cooperation are the most basic resources available to most third world countries and must therefore be the foundation on which sustainable development is achieved. Sustainable agriculture, including livestock production is therefore the backbone of a truly sustainable development effort.

Animals have recently received a "bad rap" in development and environmental circles because of what is perceived as their negative impact on the environment. It should be clear however that it is not the animals which cause the damage but the way they are managed.

Animals are an essential part of a sustainable farming system. Without livestock much of the world's abundant grasslands, fibrous plants and agricultural by-products could not be used to produce highly valuable food and other products. Grasslands depend as much on animals as animals depend on grasslands.

How can the people best be assisted to develop themselves? People must overcome poverty by their own efforts, protect the environment and have greater participation in decisions that affect their lives. Heifer Project International's experience shows this is best achieved by small, democratically organized groups of people working together on small-scale projects which they helped to design.

After supporting thousands of groups in their struggles and thereby empowering them to direct and achieve their own development, Heifer Project has identified certain principles of sustainable and just development. We believe these plus others gathered from the experience of other non-governmental groups, could form the basis for a successful foreign assistance program.

- **Genuine Need:** Programs must focus on those who truly need assistance and not the wealthier segment of the population which already is at an advantage.

- **Participation and Cooperation:** People must be at the center of all development efforts. It must start with the people and be done by them. The participants must "own" the program.

- **Passing on the Gift:** Each one assisted should help another either by repaying a loan, returning an animal, or contributing labor. Handouts are degrading and not sustainable.

- **Integrated farming:** Diversity is a key to sustainability. People have to meet all their basic needs.

- **Training and Education:** All development involves change. The key to changing behavior is learning and having the resources to practice what is learned.

- **Family Focus:** Development involves the whole family. The way a program involves and impacts women and children is particularly important. They should not be neglected in terms of education, involvement and distribution of benefits.

- **Accountability:** There must be good stewardship of all resources. All parties involved are entitled to information and controls to assure that resources have been used as intended. Evaluation is crucial so we can learn from experience.

- **Self-Reliance:** Each program must have clear and realistic plans to become self-sustaining. They cannot be continually supported from the outside.

- **Ecological Impact:** Programs must be environmentally sound and the participants must be involved in defining what this means in the local context.

- **Sharing and Caring:** Programs should enhance local cooperation and build on traditional values.

- **Justice:** All programs should enhance the equitable distribution of power and resources. Empowerment of people through the strengthening of local non-governmental and people's organizations is crucial to sustainable and just development.

Mr. Chairman our government programs must build on the experience of PVOs and business and must work closely with them. It is time to forge a new alliance to address what are truly global problems and noble tasks. Foreign assistance has been criticized and is not very popular because in most cases it has not been effective or efficient. We need a new approach.

We therefore make the following specific recommendations:

1. Establish sustainable and ecologically sound development as the clear goal for our humanitarian foreign assistance.

2. Increase the funding for this type of assistance as opposed to military and "economic support" assistance. It is more cost effective to prevent another Somalia than to try to fix it after a disaster occurs. Let's practice global wellness instead of repeatedly treating illness.

3. Set specific goals such as the elimination of hunger by the year 2010 and a 50 percent reduction in the rate of soil erosion and monitor progress.

4. We recommend that in addition to a daily stock market report a daily quality of life report is developed to highlight what is happening to global and national living conditions. This would serve as a major educational force for the general public. It would for the first time measure the quality of life by an indicator other than the dollar.

5. Channel the bulk of foreign humanitarian assistance through private voluntary, other non-government organizations and a few multilateral agencies such as the International Fund for Agricultural Development. Use agencies which have a proven track record in terms of sustainable development at a reasonable cost.

6. Restructure USAID to function primarily as a certifying agency for private voluntary and non-government organizations and as the foundation style channel through which these groups obtain government funds. USAID should also be responsible for monitoring performance and representing the humanitarian assistance agenda within government.

7. Appoint a "Panel of Experts" with a diverse background in private voluntary, non-profit, higher education, research, business, government and people's organizations to advise the AID Administrator on the restructuring of AID. The panel or board might be chaired by Vice President Gore who has advocated many of the principles of sustainable, ecologically sound development.

8. Do not reduce the assistance to the third world nations which contain the bulk of the world's poor to fund programs in former Eastern bloc. Additional funds should be freed up within AID through elimination of wasteful programs and offices and through the reduction of military and related "strategic" assistance programs.

9. Finally, while not directly the mandate of this subcommittee, we think it is crucial that we practice at home what we promote abroad. Our country has far too many poor and hungry people. We have a much lower childhood immunization rate and much higher illegal drug use rate than many so called poor countries. We can use the same approaches to solving our problems at home as we are recommending for foreign assistance. As long as we ignore the problems at our front door, people will question our integrity and ability to solve those problems abroad.

Mr. Chairman and members of the subcommittee, we can solve the problems of hunger, poverty, powerlessness and ecological degradation at the same time. This is perhaps the first time in modern history that we have an opportunity to do so. We urge you to act wisely, decisively and with vision. We are committed to do our part in partnership with you, other like minded organizations, and most importantly the poor.

Thank you for allowing us this opportunity to share our vision.

STATEMENT OF RON GOLLEHON, U.S. OVERSEAS COOPERATIVE DEVELOPMENT COUNCIL

Senator DECONCINI. Mr. Gollehon.

Mr. GOLLEHON. Thank you, Mr. Chairman. I would like to thank this subcommittee for this opportunity. I am testifying on behalf of the 10 cooperative development organizations which work in the area of agriculture, electric, insurance, credit unions, telephones, and other areas, members constituting around 80 million Americans. These organizations working around 75 long-term projects abroad, and a host of short-term efforts.

I have submitted the full testimony. I will not cover that. I would like to instead use this few moments to walk through one example of a project that two of our cooperative development organizations carried out in Poland and mention some of the people involved and the outcome of the project.

This Polish success story demonstrates the value of people-to-people assistance through United States cooperatives. We took a delegation, ACDI—Agriculture Cooperative Development International—and VOCA—Volunteers in Overseas Cooperative Assistance—to Poland in November 1990 to carry out a needs assessment to determine what kinds of interventions we could assist in in their transition that they were beginning at the time.

We noticed that the farmers were quite enthusiastic, that there were many private farmers there, but they were surrounded by state monopolies for farm supply, processing, and marketing. And state cooperatives were controlled by management and were instruments of the former central system of quotas and other controls.

With the assistance of USAID and of this committee and others, we began an early use of United States volunteers through the farmer-to-farmer program to help the private farmers of Poland. We in VOCA realized that the reform of the cooperative system would take place at two levels. We worked with local leaders to form market oriented new cooperatives and we were to help the national level to rewrite the cooperative law to transform state cooperatives to private agribusinesses and/or cooperatives.

Over 100 of VOCA's 200 volunteers who were sent to Poland worked with local farmers to prove that market-related farmer-owned cooperatives would work there, and to help people in understanding what they were. At first, there was quite a bit of resistance. They did not understand the private sector agribusinesses and the private sector cooperatives. However, over time, this began to happen.

United States cooperatives worked with senior Polish parliamentarians from rural areas to broaden their understanding of the Western cooperatives. During an ACDI and VOCA mission to Poland we got to know the founder of rural Solidarity, Marshal Schleish, and later he was invited to the United States to a conference on the role of cooperatives and to visit various kinds of United States cooperatives in this country. This privately funded trip by the U.S. cooperatives began a long relationship, and Marshal Schliesh strongly supported the formation of private cooperatives there.

We enlisted Richard Magnuson, one of the leading United States legal experts in cooperative law, to carry out two assignments there in helping to rewrite the Polish law on cooperatives. He worked with the Polish parliament, farmer's associations and rural leaders in the initial preparation of legislation. Later, on a second mission, he provided a commentary and critique of the draft legislation.

Volunteers included Robert Foster of Vermont, Gerald Pepper of Iowa, Dan Smiley of Alabama, Warren Paul of Kansas, Garland Benton of Virginia, and Daman Semansky of Wisconsin. All of these people led seminars on cooperative law and agricultural issues throughout Poland. A translated version of cooperatives, prac-

tices and principles, became the leading Polish publication on the market-oriented cooperatives.

In order to broaden the parliament's understanding of truly democratic and member-owned cooperatives, ACDI invited to the United States a delegation composed of members who were deeply involved in drafting the new Polish law. This reverse farmer-to-farmer program, which we call the Agribusiness Exchange Program in Central and Eastern Europe, sent parliamentarians to the farms of U.S. volunteers to see how cooperatives worked first hand.

The program was coordinated by Richard Magnuson, who discussed with them the structure, control, voting, tax aspects of cooperatives, the process of democratization that is carried out through their local communities in this form.

PREPARED STATEMENT

The Polish lawmakers visited cooperatives throughout Minnesota and Wisconsin. They also met with Senators, Congressmen, and staff, including from the Senate Agriculture Committee. The results of this effort have been responsible for getting a cooperative law which last week the parliament passed and Lech Walesa signed, and now with a stroke of the pen over \$3 billion of assets in 8,000 agriculture cooperatives will be transferred to private sector.

Senator DECONCINI. Thank you very much.

[The statement follows:]

STATEMENT OF RON GOLLEHON

INTRODUCTION

We appreciate the opportunity to testify on foreign assistance appropriations for FY 1994.

Formed in 1961, the U.S. Overseas Cooperative Development Council is a private nongovernmental organization which represents more than 100 million members of U.S. cooperatives. OCDC is composed of ten cooperative development organizations:

- Agricultural Cooperative Development International
- Americas Association of Cooperative/Mutual Insurance Societies
- Cooperative Housing Foundation
- Credit Union National Association/World Council of Credit Unions
- Land O'Lakes, Inc.
- National Cooperative Business Association
- National Rural Electric Cooperative Association
- National Telephone Cooperative Association
- Tri Valley Growers, Inc.
- Volunteers in Overseas Cooperative Assistance

Currently, U.S. cooperative development organizations are engaged in over 75 long-term technical assistance projects in some 60 countries. Their annual international development revenues exceed \$40 million.

ROLE OF U.S. COOPERATIVES IN DEVELOPMENT

The involvement of U.S. cooperatives in foreign assistance programs began in 1961 with the Humphrey amendment to the Foreign Assistance Act. This provision (Section 601) was the first basic human needs mandate for the newly-created Agency for International Development. The premise of this legislation is the same today as it was in 1961: the United States should share its self-help, cooperative approaches with people overseas. Cooperative programs have undergone major changes over the years. We are prepared to meet new challenges of more sustainable development. Yet, we hold to the fundamental belief that assistance programs should continue to reflect our self-help traditions and focus on programs where the U.S. brings special expertise and can have a demonstrable impact.

In the intervening 32 years, U.S. cooperatives have assisted in the creation and strengthening of all types of cooperatives:

- entire rural electric systems in the Philippines and Bangladesh, and telephone cooperatives in Poland, based on the REA model;
- agricultural cooperatives in over 100 countries which strengthen communities, promote grassroots democracy and increase incomes of poor people;
- credit unions worldwide which mobilize savings and provide small loans including to some of the most remote African villages;
- decent shelter and services for residents of squatter settlements and other marginal communities especially in Central America, Africa and the Philippines; and
- cooperative insurance programs which mobilize indigenous capital while providing life and property protection to low income people throughout the Americas.

U.S. cooperatives have risen to the different challenges as the foreign assistance programs shifted over time. We have helped construct a successful cooperative fertilizer plant in India in the early 1960s. Our employees have been at risk in providing technical assistance to Cold War hot spots from Vietnam to Central America. We have been agents of peaceful change and economic development in rebel infested areas from El Salvador to Uganda. We have helped build grassroots democracy and the shift to market systems. U.S. cooperatives continue to address poverty by building successful village-level cooperatives in Africa. Today, we are heavily engaged in U.S. assistance programs to Eastern and Central Europe and the former Soviet Union.

The involvement of U.S. cooperatives has grown. Where only a few years ago we sent 30 volunteers abroad each year for short-term technical assistance, this year we are sending over 900. Our scope of programs has increased to include the creation of model telephone cooperatives in Poland, a cooperative insurance company in the Eastern Caribbean, and the first private farmer associations in Russia.

Several large U.S. cooperatives are now directly engaged in U.S. assistance programs to bring agribusiness management know-how to Eastern and Central European countries and throughout the new republics of the former Soviet Union. U.S. credit unions are directly providing technical assistance and training for credit union development in Poland, Ukraine and Russia.

Why have U.S. cooperatives remained relevant to foreign assistance programs over this span of years? We believe it is the enduring nature of cooperatives and their fundamental principles:

- They are private enterprises which keep economic benefits within a community.
- As member-owned and democratically-operated organizations, they promote grassroots democracy.
- Cooperatives build free and open markets by spreading economic power, encouraging competition and providing market leverage for small producers.
- Cooperatives enhance human dignity in an organized way so that low income people can escape from poverty and achieve dreams such as owning a home and educating their child.
- Cooperatives provide the means to mobilize local savings and to integrate community-based businesses into regional and national networks for sustainable development.

The way we deliver U.S. foreign assistance has also remained unchanged. Our programs are people-to-people in nature: we tap the large U.S. cooperative community for our expertise. Our technical assistance comes directly from rural or urban America and carries with it American values of generosity and sharing. Our programs remain optimistic and grounded in practical, can-do solutions. We believe that successful programs focus on helping others to help themselves.

We have always seen assistance as mutually beneficial. Through sharing our cooperative ideas and knowledge, we have had to ask ourselves basic questions about why cooperatives remain important to us. Participation in overseas programs has opened international windows in small towns through hosting foreign trainees in our communities and cooperative businesses. By sending cooperative employees overseas, they have gained international perspectives in a shrinking global economy. We have built lasting business partnerships.

Cooperatives are service providers for their member-owners which, in the recent past, were almost exclusively directed to domestic activities. As the world shrinks, we see our membership attitudes changing rapidly. CEOs point with pride to their cooperative's international work. Candidates for our boards of directors successfully campaign and win office on planks of greater international involvement. Our members understand better today the importance of international markets and urge more trade-related programs, especially in the huge potential markets of Eastern Europe and the former Soviet Union. There is a greater willingness of U.S. cooperatives to invest overseas today than at any other time of their history.

We are not typical consulting firms formed for the purpose of providing technical assistance or training. Rather, we are cooperatives, cooperative trade associations or nonprofit organizations affiliated with cooperative associations. We are a unique and distinctive group of private voluntary organizations.

U.S. cooperatives have carried out development education programs before the term was even invented. Since we are owned and controlled by our members, we have always gone to our membership for their endorsement and support for international programs. We have continuously informed our members through annual meetings, publications and special programs.

U.S. cooperatives have remained a steady constituency for U.S. foreign assistance and have vocally supported foreign assistance legislation over the years. We are concerned about the erosion of public and Congressional support for the U.S. Agency for International Development. We are asking our members to reach out to their communities to discuss the importance of foreign assistance programs. We are asking them to meet with new members of Congress to discuss our people-to-people assistance efforts.

GENERAL VIEWS ON FOREIGN ASSISTANCE REFORM

We recognize the need to revise U.S. development assistance in the new post-Cold War era in which the threats are based more on ethnic, religious and economic disintegration. We support U.S. value-driven economic assistance which promotes civic societies, democracy and bottom-up economic betterment. U.S. cooperatives believe that people-to-people assistance is cost-effective and relevant in many regions of the world.

We think that new organizational and funding mechanisms within A.I.D. need to be created for expanding the effectiveness of programs which we carry out. Again, we are concerned that A.I.D. has not moved to fully fund the Office of Private Voluntary Cooperation (PVC) at \$60 million in spite of eight straight years of Congressional urging by both House and Senate authorization and appropriations committees.

We support the new Administration's focus of assistance in sustainable development, democracy and the promotion of free markets. We see sustainable development as supporting nongovernmental organizations such as cooperatives which outlast the delivery of assistance.

U.S. cooperatives grew out of local self-help efforts by farmers, poor people and underserved citizens to solve problems themselves. This is the model that we continue to pursue in many domestic as well as overseas projects.

We also agree that sustainable development must be focused on finding better ways to address energy and agricultural needs in developing and newly democratic countries. Environmental programs should reach poor people in villages and shanty towns through

community-based, self-help programs for potable water, sanitation and other services.

We believe that A.I.D.'s role in strengthening democracy should be directed to building civic societies and nongovernmental organizations, not through involvement in local partisan politics.

We strongly support the promotion of free markets, especially in Eastern and Central Europe and the former Soviet Union through privatization of agriculture and the strengthening of family farming, including the establishment of cooperatives. We support credit unions as an important means to mobilize individual savings and provide personal and small business credit through member-owned, community-based financial institutions. Private cooperative insurance can play an important role in the privatization of the state insurance monopolies.

We think that A.I.D. will need to continue to rely on U.S. nongovernmental organizations in the delivery of foreign assistance because they are efficient, require less A.I.D. staff and can better achieve the goals of sustainable development and stronger democratic societies. We recommend that A.I.D. shift away from government-to-government programs. In particular, we want to move away from government-directed food assistance programs in favor of private sector and food monetization approaches which create private commodity markets and strengthen the market economy. We also strongly support maintaining and expanding the use of volunteers in overseas assistance efforts.

It is our opinion that revitalized foreign assistance based on these principles can gain the broad support of the American public. We believe that the unique contribution which we can share with those abroad is the richness, diversity and capacity to organize nongovernmental organizations and cooperatives to solve economic and social challenges. In a world beset with ethnic and religious strife, the pulling together of people through self-help organizations for individual betterment is the most appropriate way that the U.S. can meet the challenge of a new and more difficult world.

RECOMMENDATIONS ON FY 94 APPROPRIATIONS

1. The highest priority of U.S. cooperatives in FY 94 is adequate funding for A.I.D.'s Office of Private Voluntary Cooperation (PVC). A longstanding issue between the Committee and A.I.D., the Committee has strongly supported PVOs and cooperatives that tap worldwide funding from PVC for innovative programs and critical support which is augmented by their own fund-raising and buy-ins from A.I.D. missions.

We urge funding of PVC at \$60 million in FY 94 with \$7 million for cooperatives which is the same level recommended by the Committee over the last seven years.

2. In previous years, the Committee has earmarked funds for dairy development. The program has resulted in major gains in nutrition, income for small producers, privatization of dairy plants and sale of U.S. dairy technologies, especially in Central and Eastern Europe. This highly successful program has been implemented by Land O'Lakes, mostly in Central and Eastern Europe. In keeping with the Committee's concerns about earmarks, Land O'Lakes is asking for strong support of report language to continue dairy development efforts in FY 94.
3. The Committee also has regularly earmarked funds for rural electrification in Central and Latin America. This program has resulted in major rural electric service to poor

communities in Guatemala, El Salvador, Bolivia and elsewhere in the region. National Rural Electric Cooperative Association (NRECA) requests Committee support to continue this valuable program.

4. The Farmer-to-Farmer program is one of the most successful A.I.D. grassroots volunteer efforts for people-to-people assistance worldwide and especially in Russia and Eastern Europe. Carried out by Volunteers in Overseas Cooperative Assistance (VOCA), we encourage report language which demonstrates the Committee's support and recommends its expansion in small N.I.S. republics and developing countries. We are particularly concerned that sufficient funds need to be provided into order to send a critical mass of agricultural volunteers to demonstrate the advantages of market-based agriculture and to support family farming.
5. Assuming progress in the restoration of assistance to Haiti, we place a high priority for A.I.D. programs which address urban environmental problems, including innovative, community-based programs of the Cooperative Housing Foundation.
6. Last year, the Committee supported the introduction of the REA model in Africa. Only about 5 percent of African countries have rural electrification which is essential to long-term agricultural and rural development. NRECA is again requesting the Committee to encourage A.I.D. to begin to expose African leaders to this self-help approach to rural electrification.
7. We encourage the Committee support to expand new grassroots village development approaches which combine local decision-making, intensive training and focused business formation with credit and related guarantees which decrease over time. This successful model is currently being undertaken by the National Cooperative Business Association in a number of West African countries.
8. The credit union development program in Africa has expanded to 28 countries and now serves over 2.5 million members. It is one of the most successful member-owned and controlled development experiences in Africa. A unique aspect is its continent-wide reach through the African Confederation of Savings and Credit Associations. Credit unions are providing lending capital for income generating and small business development as well as meeting member needs for health, education and shelter. We encourage the Committee to strongly support continued A.I.D. assistance to expand and deepen the credit union development programs in Africa.
9. We encourage your support for technical assistance and training for cooperative approaches to help develop rural infrastructure in Eastern Europe. Two model telephone cooperatives in Poland demonstrate the effectiveness of this community-based way to provide new technologies for large rural populations who are often not reached through commercial firms or state monopolies now undergoing privatization.
10. We encourage the Committee to support the creation of a separate U.S.-Russian Far East Enterprise Fund. President Yeltsin raised the need for this Fund during his discussions with President Clinton at the Vancouver Summit. We suggest locating the Enterprise Fund in San Francisco and Vladivostok, and a major focus should be on agribusiness development including an emphasis on West Coast companies, ports and trade. Tri Valley Growers is currently implementing a \$10 million agribusiness development program in the region. Tri Valley Growers' presence and experience in the Russian Far East should be tapped in setting up the Enterprise Fund.

11. We urge the Committee to support expanded efforts to introduce credit unions in Russia and Ukraine through a linkage program with U.S. credit unions to promote savings mobilization and consumer credit through these democratic institutions.
12. We encourage the Committee to support a reverse Farmer-to-Farmer program to bring Russian and other agribusinesses to the U.S. for training. The program is cost-effective by piggybacking on already in-place field staff and volunteers in identifying participants and bringing them back to their own farms, agribusinesses and local rural communities. Agricultural Cooperative Development International (ACDI), which operates similar programs in Central and Eastern Europe, is currently in discussion with the Administration for the two-way exchange.

The reverse Farmer-to-Farmer program is a cost-effective way to initiate significant reforms. Through sending American cooperative legal experts and bringing Polish policy-makers and agricultural leaders to the U.S., ACDI and VOCA helped write and gain approval of a new Polish cooperative law, modeled on the U.S. This action has resulted in the transfer of approximately \$3,000,000,000 in assets to the private sector.

Thank you for the opportunity to testify before the Committee.

STATEMENT OF DAVID BECKMANN, BREAD FOR THE WORLD

Senator DECONCINI. Mr. Beckmann.

Mr. BECKMANN. We really appreciate the leadership of this committee for poor people around the world and, Senator DeConcini, in particular I want to thank you for being a cosponsor of the many neighbors, one Earth resolution. Senator Feinstein is not a cosponsor yet, but I know your views and I am sure that when you focus on it you will want to cosponsor this resolution.

The many neighbors, one Earth resolution is a mechanism by which people around the country who are concerned about the impact of foreign aid on poor people, those folks can speak out and urge their representatives in Congress to support a reformed foreign aid that will be a more effective instrument for reducing hunger and poverty in environmentally sound ways.

The resolution was introduced in the Senate last month by Senators Simon and Jeffords. It already has 14 cosponsors. The companion resolution in the House already has 72 cosponsors. We expect to generate something like 100,000 letters to Congress from Bread to the World's own members around the country, and we are working with a broad coalition of development, environment, and public interest groups, groups like Heifer International or the U.S. Catholic Conference or National Wildlife Federation, trying to forge a broad coalition of people who are concerned about getting a broad reformulation of the purpose and priorities of U.S. foreign aid.

Many Neighbors, One Earth campaign is not saying that reducing in hunger and poverty should be the only purpose of foreign aid. We are not suggesting a return to the basic needs programs of the 1970's. What we are saying is that sustainable development, especially reducing hunger and poverty in environmentally sound ways, should be the centerpiece of U.S. foreign aid, now that the cold war is over.

We have combed through the foreign aid budget. You have the executive summary of this study, what counts for sustainable development in humanitarian needs. You also have a table, a summary table, table 1, which points to our conclusions in terms of appropriations for fiscal 1994.

Our conclusion is that of the foreign aid budget, only \$4.3 billion goes to programs that are focused on sustainable development. And what we are urging is that you increased that by about \$800 million; \$500 million of that is shifts within AID. We are not suggesting more earmarks, but we are suggesting that you work with the administration to shift money from some programs that just do not work and others that are low priorities from a sustainable development point of view to sustainable development programs. Of that, \$200 million is extra money for the development fund for Africa.

We are also suggesting more money for title 2 food aid, Peace Corps refugees, and the development foundations. We are supporting the administration's requests for international organizations in program. They requested a little bit more money for those programs. But we would suggest that you direct the money to IFAD, UNICEF, UNIFEM, and INSTRAW.

We are mainly concerned about these programs that are focused on reducing poverty and hunger in environmentally sound ways. But the overall flow of resources to the poor countries is also clearly important. And so we would urge you not to take money away from the poor countries for other purposes.

We are clearer about what we want money for than what we want to take it away from. But in table 1 there is a footnote 2 which identifies some programs which are lower priorities, from which you could take \$800 million in order to fund these programs that we favor.

PREPARED STATEMENT

In my written testimony, I also talk a little bit about aid to Israel and Egypt, aid to the former Soviet Union, proposals to redesign U.S. foreign aid to subsidize certain groups of U.S. companies, just to show how these various concerns might be balanced against our concern about foreign aid as a tool that can help poor and hungry people. There are always competing priorities, there are always good reasons why poor people need to wait another 5 or 10 years. And we would urge you to use this markup at this pivotal point in the history of U.S. foreign aid to push us in the right direction.

[The statement follows:]

STATEMENT OF DAVID BECKMANN

Senator Leahy, thank you for this opportunity to give you Bread for the World's views on foreign aid. We deeply appreciate the leadership you are providing in reforming U.S. foreign aid. You have sounded the call for redefining the purpose of U.S. foreign assistance now that the Cold War is over. And you have done so at a time when Washington and the public are preoccupied with domestic problems.

Bread for the World has made foreign aid reform our main focus this year. Our Many Neighbors, One Earth campaign is designed to mobilize concerned citizens across the country behind a revamped foreign aid program. Senators Simon and Jeffords introduced the Many Neighbors, One Earth Resolution (S. Con Res. 26) last month, and it already has 14 cosponsors. The companion resolution in the House introduced by Reps. Bereuter and Hall has 72 cosponsors.

The Many Neighbors, One Earth Resolution urges the President to lead a foreign aid reform effort that puts sustainable development, especially the reduction of hunger and poverty in environmentally sound ways, at the center of the foreign aid program. It urges that funding be expanded for programs that are focused on reducing poverty and hunger in environmentally sound ways.

Many Americans oppose foreign aid because they don't think much of it really helps poor people -- and they are right. We want to change that.

There are more than a billion poor people in the world. The richest country in the world simply must respond to their misery -- for moral reasons, and because hunger and poverty contribute to rapid population growth, environmental degradation, global economic problems, and violence. Foreign aid that reduces hunger and poverty can help to prevent more Somalias and Bosnias, reduce the need for U.S. military operations, and redound to our own prosperity and security.

Bread for the World's grassroots network accounts for more than half of all U.S. citizen effort on behalf of poor and hungry people around the world. This campaign is a very broad coalition pushing for a broad shift in foreign aid policy. We developed the campaign in conversation with nearly 100 development, environment, and other public interest organizations. InterAction, the National Wildlife Federation, the National Council of Returned Peace Corps Volunteers, and the U.S. Catholic Conference are among our most active partners.

We expect our members and others to send some 100,000 letters to their Congressional representatives in support of Many Neighbors, One Earth. Senator Leahy, we would really appreciate your advice about how we can best guide these citizen efforts to help achieve foreign aid reform.

We are not saying that reducing hunger and poverty should be the only purpose of U.S. foreign aid. There are other needs that deserve U.S. assistance, such as democracy in the former Soviet Union or peace in the Middle East. But sustainable development among the world's more than one billion poor people should be the centerpiece of U.S. foreign aid.

Nor are we simply advocating a return to the basic human needs programs of the 1970s. Some of those efforts relied too heavily on government services, and failed to empower people to be productive on their own behalf.

Rather, we support sustainable development approaches that help the poor help themselves. Our understanding of sustainable development includes democratic participation, income-earning opportunities, and environmental protection as well as efforts to meet basic needs. This type of development is the basis for sustained and broad-based economic growth.

We know that foreign aid alone can't solve global poverty. U.S. trade and security policies often have a greater impact. But the reform of foreign aid would significantly enhance opportunity for hundreds of millions of very poor people.

Specific Funding Recommendations

The decisions you are making now about FY 1994 appropriations are especially important, because they come at such a pivotal time in the history of U.S. foreign assistance.

Our funding recommendations are based on a Bread for the World Institute study, "Foreign Aid: What Counts for Sustainable Development and Humanitarian Needs?" A copy is attached. This study identifies \$4.3 billion in sustainable development and humanitarian programs that, in our view, deserve funding increases.

We recommend that approximately \$800 million be shifted to these programs in FY 1994. This would enlarge the share of foreign aid devoted to sustainable development and humanitarian needs from 30 percent this year to 35 percent next year (assuming a constant foreign aid budget of \$14.7 billion), as provided in S. Con. Res. 26. The allocation of the \$800 million by program is detailed in the attached table. Your committee is responsible for all programs listed except food aid.

We do not endorse earmarking the accounts for which we recommend increases. But we hope that your committee will work with the administration to make the following changes:

- 1.) **Reallocate \$500 million within AID to expand those programs which support sustainable development and humanitarian needs.** These include programs focused on sustainable agriculture, energy efficiency, environment, promotion of human rights and democracy, child survival, and basic and vocational education.

Of the \$500 million, \$200 would expand the **Development Fund for Africa** from \$800 million to \$1 billion -- with less focus on non-project aid and greater emphasis on grassroots development activities programmed in consultation with African non-governmental organizations. Within the DFA, funds for the **Southern Africa Development Coordination Conference** should be maintained at \$50 million, with a focus on famine recovery and prevention programs.

- 2.) **Among other bilateral programs, expand the U.S. development foundations by \$20 million.** They have been successful in fostering community-based development. We also recommend a \$150 million increase for refugee aid, with \$50 million devoted specifically to emergency refugee aid, and a \$36 million increase for the Peace Corps.

- 3.) **Within multilateral aid, increase funding for International Organizations and Programs (IO&P) by \$65 million for a total of \$390 million, the level requested by the Administration.** But in our view, the expanded resources should be used to provide increases for IFAD, UNICEF, UNIFEM, and INSTRAW.

These recommendations could be met by reallocating funds within economic assistance and by shifting funds from military and security assistance. In note (2) of the table, we point to

accounts that might be cut in order to accomplish the recommended increases.

The Many Neighbors, One Earth Resolution does not refer to the multilateral banks. But the multilateral banks could also focus much more than they do on sustainable development. The World Bank's management recently proposed changes in the Bank's operational practices which are supposed to improve the implementation of Bank-financed projects. But as argued in a letter to the Bank which is attached to this testimony, the proposed changes are likely to worsen the Bank's already mixed impact on poor people and the environment.

While we are especially concerned about funding for programs that are focused on sustainable development, the overall quantity of economic assistance to poor countries is also important. We urge you not to cut assistance to poor countries to find resources for other purposes.

The funding shifts we suggest do not require cuts in aid to Israel and Egypt. Some of the cosponsors of the Many Neighbors, One Earth Resolution are ardent supporters of aid to Israel. I want to commend you, however, for asking whether aid to Israel and Egypt should remain untouched if the overall foreign aid budget is shrinking. We are especially concerned that aid going toward poor people in poor countries is declining, while funding for Israel and Egypt remains constant.

Aid to bolster democracy and development in the former Soviet Union is clearly important. But there are serious poverty and hunger problems in the former Soviet Union, and they do not feature prominently in administration statements about its proposed aid program. Also, aid to the former Soviet Union should not come at the expense of development assistance to poor countries.

Security is a major motive for expanding aid to the former Soviet Union, so some of the money really should come from other security agencies. For example, the CIA's budget is still more than twice the total budget for foreign aid, even though the Cold war was its main reason for existence.

We oppose the move by some to redesign U.S. foreign aid to promote exports from certain groups of U.S. companies. Government subsidies to certain companies will do less for the U.S. economy than assistance that helps developing countries achieve sustained, broad-based growth.

You face difficult choices. But there are always compelling reasons why poor people must wait. There are always competing claims that command priority attention.

Of every 100 dollars of U.S. government spending, only 30 cents go to foreign aid programs that are focused on reducing hunger and poverty in environmentally sound ways. We can do better.

Please, use your mark-up to move the United States in the right direction.

Attachments:

S. Con. Res. 26 + summary
Ford Foundation Report
Senate chart
Letter to Jim Adams on proposed changes in World Bank operational practices

Re: S. Con. Res. 26

Table 1.0: Recommended Reallocations Within FY 1994 Foreign Assistance Funding to Support Sustainable Development and Human Needs (1) (2)
(\$ million)

ACCOUNTS/PROGRAMS DESERVING INCREASES	FY 1993 Estimated Obligations	BFW Recomm. FY 1994	BFW Recomm. Shift
BILATERAL -- AID (3)			
Farming Systems & Extension	210		
Child Survival/Other Health (4)	586		
Basic/ Voc. Tech. Education	200		
Environment (5)	368		
Energy (6)	149		
Strengthening Democratic Repres.	155		
Human Rights	24		
Encouraging Democratic Values	37		
Subtotal (7)	1729	2229	+500
(Incl Development Fund for Africa) (8)			(+200)
International and Africa Disaster	149	149	
Food Aid:			
PL 480, Title II	810	832	+22
PL 480, Title III	333	333	no decr.
Subtotal	1143	1165	+22
Total: AID & Reallocations within AID (7)	3021	3543	+522
	FY 1993 Appopr.		
BILATERAL -- Non-AID			
Appropriate Technology Int'l (9)	3	10	+7
Inter-American Foundation	31	38	+7
African Development Foundation	17	23	+6
Peace Corps	218	254	+36
Refugee Aid	670	820	+150
Subtotal	939	1145	+206
MULTILATERAL Aid			
All voluntary contributions to United Nations and other int'l agencies and programs (10)	325	390	+65
TOTALS/RECOMMENDED SHIFTS	4285	5078	+793
Percent Total Foreign Aid (\$14.7 b.) (11)	29%	34%	+5%

Notes: (Table 1: U.S. Aid: What Counts)

(1) Based on desk research and consultation, we have made rough judgments about whether broad program areas, each of which involve a range of activities, contribute to sustainable development and meeting humanitarian needs. We feel the following programs primarily contribute toward such goals. There are activities in other programs which also contribute to such development, just as some activities in the selected program areas which may not.

(2) The estimates here are based on shifting approximately \$500 million within AID accounts, and approximately \$300 million from other lower priority foreign assistance spending. Within AID, business and trade promotion activities (\$1.25 billion/ FY 1993) could be cut to 1992 levels (\$ 1.03 billion), until they can be better evaluated and targeted to the disadvantaged, for a saving of \$200 million. Other AID programs which we suggest be reviewed and considered for cuts include conventional energy systems (ca. \$100 million); agribusiness (\$169 million);

some higher education programs (ca. \$200 million); and selected non-sectoral policy reform programs (\$400 million). Outside AID, we believe that \$300 million could be shifted from military assistance (\$3.5 billion total in FY 1993) and the International Narcotic Program (\$148 million).

(3) The AID accounts listed represent about half of the 20 AID program account groupings we examined and a third of AID's total spending (\$6.5 billion/ FY 1993). The amounts listed reflect spending through all channels -- Development Assistance, Development Fund for Africa, Special Initiatives, and Economic Support Funds. Although we are not recommending earmarks, we urge Congress to give high priority to these accounts.

(4) Much infrastructure spending is included in health and environment categories. We recognize that such spending is important to various aspects of development and can be beneficial to the poorest segments of the population. We did not have access to sufficiently detailed data to identify or evaluate most infrastructure spending.

(5) Environment: FY93 Estimated Obligations of \$468 million were discounted by \$100 million based on the assumption that only part of the funds spent on environmental protection and water systems contributes to sustainability (e.g. only part of approximately \$150 million directed for water systems in the Middle East -- almost entirely in Egypt). Other cautions regarding environment spending are noted in the text.

(6) Energy: FY93 Estimated Obligations of \$249 million were discounted by \$100 million -- the approximate amount committed for conventional power systems.

(7) Bread for the World and members of the coalitions with whom we work have reached no consensus regarding the appropriate level of spending or associated guidelines for Family Planning Programs and Services. Funds appropriated [\$430.4 million/FY 1993 (est.)] are not included in these totals.

(8) Most of the approximately \$800 million channeled through the Development Fund for Africa (DFA) is already counted in the above accounts; the balance is included in accounts in other programs (e.g. infrastructure, policy reform, lawful governance). The recommended increase is for the entire DFA.

(9) Appropriate Technology International is now funded through U.S. AID. We recommend that it be funded independently.

(10) We urge increases for the International Fund for Agricultural Development (IFAD), the UN Children's Fund (UNICEF), UN Environment Program (UNEP), UN Development Fund for Women (UNIFEM), and the International Research and Training Institute for the Advancement of Women (INSTRAW).

(11) Based on total Foreign Assistance of \$14.7 billion (1993 appropriations).

SUMMARY: SENATE CONCURRENT RESOLUTION 26

Introduced May 24, 1993 by Sen. Paul Simon (D-IL) and Sen. James Jeffords (R-VT).

Original sponsors: Sens. Kennedy (D-MA), Kerry (D-MA), Durenburger (R-MN), DeConcini (D-AZ), Akaka (D-HI), Wofford (D-PA), Feingold (D-WI), Moseley-Braun (D-IL).

Purpose

To urge the president to redirect United States foreign assistance priorities toward promoting sustainable development, which reduces hunger and poverty, protects the environment, and promotes democracy. Toward this goal, the president is urged to develop a coordinated policy and program of action, involving all relevant international activities, centered around four objectives:

1. Expanding economic opportunities, especially for poor people, to increase their income, earning capacity, and productivity;
2. Meeting basic human needs for food, clean water, shelter, health care, and education;
3. Promoting environmental protection and the sustainable use of natural resources; and
4. Promoting pluralism, democratic participation, and respect for human rights.

Specific Actions

The president is also urged take a series of specific actions, including to:

- Work with Congress to enact legislation incorporating the above four objectives;
- Ensure participation of aid beneficiaries in decision-making for development projects and programs, in part through their local nongovernmental organizations (NGOs);
- Provide government-to-government assistance only to countries committed to the four objectives, with priority to countries that have the highest incidence of hunger and poverty;
- Develop an effective system for evaluating program success in reaching the four objectives;
- Support countries' efforts to reduce their level of military spending, when such spending is disproportionate to security needs and to spending on health, education, and the environment; and
- Reallocate funds within the economic assistance budget and shift funds from security aid in order to expand programs that serve humanitarian needs and sustainable development from approximately 30 percent of foreign assistance resources in 1993 to 35 percent in 1994.

Foreign Aid: What Counts

Toward Sustainable Development and Humanitarian Relief?

EXECUTIVE SUMMARY

The core purpose, or "engine," driving and shaping U.S. foreign aid policy over four decades was the Cold War. Now that the "engine" has been removed, only the chassis of foreign aid remains, some of it in poor repair. Many people, including some policy-makers, are calling for the dismantling of foreign aid.

In this report we argue, instead, for both pragmatic and moral reasons, that we should seize the opportunity to shift resources toward long-neglected human needs, both at home and abroad. We believe that a redirected, streamlined, and focused foreign aid program will advance the economic, environmental, and security interests of the United States.

We propose that sustainable development -- especially reducing poverty and hunger in environmentally sustainable ways -- become the leading purpose of U.S. foreign assistance, and that resources be shifted to those agencies and programs which best serve this purpose. Sustainable development should become the focus for all programs and activities of the Agency for International Development. The principles of sustainable development should guide U.S. representatives as they negotiate with other member governments in international development institutions.

The report also explores the extent to which selected U.S. bilateral and multilateral foreign aid agencies and programs are intended to contribute directly to sustainable development, including humanitarian assistance. In limited measure, we assess the effectiveness of several activities as contributors to sustainable development. Finally, we offer policy and budgetary recommendations which we feel would make U.S. foreign aid more effective in achieving sustainable development.

We understand sustainable development to include the following essential objectives, which are interrelated and mutually reinforcing:

- 1) expanding economic opportunities, especially for poor people; to increase their productivity, earning capacity, and chances to earn income in ways that are environmentally, economically, and socially sustainable;
- 2) meeting basic human needs for food, clean water, shelter, health care, education, and opportunity to fulfill the human spirit;
- 3) protecting and enhancing the environment by managing natural resources in ways which take into account the needs of present and future generations; and
- 4) promoting pluralism and democratic participation, especially by poor men and women, in economic and political decisions that affect their lives, with full respect for human rights.

We expect the achievement of these sustainable development objectives to be correlated with other social, political, and economic conditions and commitments:

- * stable or developing social, political, economic, and physical infrastructure;
- * minimal or declining military spending;
- * effective and acceptable family planning resources;
- * narrower, rather than wider, income gaps between rich and poor; and
- * commitment of political and economic leaders to sustainable development.

Neither present accounting codes nor existing evaluations lend themselves readily to evaluating foreign aid programs on the basis of their contribution to sustainable development. Thus many of the estimates here must be regarded as "orders of magnitude" estimates, to be refined as accounting and evaluation systems are revised to reflect increased commitment to sustainable development.

With these caveats we estimate that, in fiscal year 1993, approximately \$4.6 billion, about 31 percent of the total \$14.7 billion devoted to foreign aid, directly supports humanitarian and sustainable development activities. The \$4.6 billion is spread across several categories of spending: bilateral aid administered through the Agency for International Development (AID), including disaster and food aid; other government-to-government assistance administered by other U.S. agencies; and multilateral development aid through contributions to United Nations and other international institutions. Of the \$4.6 billion, approximately \$2.5 billion supports long-term development assistance and \$2.1 billion supports humanitarian relief.

Findings and Recommendations.

1. For fiscal year 1994, we recommend the following funding changes to strengthen sustainable development

Aid-administered Bilateral Programs: The Administration may recommend, and we would probably welcome, a thorough overhaul of AID in ways that would dramatically change the agency's priorities, and completely outstrip the incremental shifts we suggest. Pending such an overhaul, we recommend the following increases:

- * Add \$200 million to the Development Fund for Africa, up to a total of \$1 billion. The increase should be accompanied by greater emphasis on grassroots development activities programmed in consultation with poor people, including women's groups, labor groups, and smallholder farmers;

- * Add \$278 to priority I areas identified in Table 2.1 in order to make progress toward:

- (a) the goals of the World Summit for Children (e.g. child survival, basic education, water and sanitation, and micronutrient and Vitamin A programs).

- (b) a better-prioritized and comprehensive agriculture, environment and energy portfolio. Particular attention should be paid to achieving a better balance of funds by region and by problem area. For instance, programs to conserve tropical forests are nearly exclusively focused in the Philippines while programs to reverse land degradation and desertification are woefully underfunded.

- * Increase funding for P.L. 480, Title II, by \$22 million, as urged by President Clinton. We oppose, however, his recommended cut of \$50 million for Title III.

Non-AID-administered Bilateral Programs: We would add to three accounts:

- * Add \$20 million for three public foundations (Inter-American Foundation, African Development Foundation, and Asian Development Bank) plus Appropriate Technology International, to a total of \$72 million.

- * Increase Peace Corps funding by \$36 million, to \$254 million, compared to the President's request for a \$2 million increase.

- * Add \$150 million to the Refugee Aid funding, up to \$820 million, compared to the President's request for a \$20 million increase.

Multilateral Assistance: We support the President's request for a \$65 million increase in multilateral assistance funds, although our priorities are somewhat different. We would set aside \$30 million for the fourth replenishment of the International Fund for Agricultural Development, and increase UNICEF funds by \$15 million, neither recommended by President Clinton. We also urge increases for the UN Environmental Program (UNEP), the UN Development Fund for Women (UNIFEM), the International Research and Training Institute for the Advancement of Women (INSTRAW), and the United Nations Research Institute for Social Development (UNRISD).

To accomplish these increases, we would urge shifting approximately \$500 million within AID accounts, and approximately \$300 million from other lower priority foreign assistance

spending. Within AID, business and trade promotion activities (\$1.25 billion/ FY 1993) could be cut to 1992 levels (\$ 1.03 billion), until they can be better evaluated and targeted to the disadvantaged, for a saving of \$200 million. Other AID programs which we suggest be reviewed and considered for cuts include conventional energy systems (ca. \$100 million); agribusiness (\$169 million); some higher education programs (ca. \$200 million); and selected non-sectoral policy reform programs (\$400 million). Outside AID, we believe that \$300 million could be shifted from military assistance (\$3.5 billion total in FY 1993) and the International Narcotic Program (\$148 million).

2. Of approximately \$7.6 billion administered through AID (including food and disaster aid), we regard \$3.4 billion as supporting sustainable development and humanitarian relief. (See Table 2.1, pp. 34-35, and Table 0.1, p. 6). Another \$2.2 billion of AID programs, with redirection, could further sustainable development objectives. The remaining \$2.1 billion, mostly economic support funds for Israel and Egypt, plus Title I of P.L. 480, will require new directives from Congress and the Administration before it will fit into a sustainable development framework.
3. Much of the program funding for the multilateral development banks needs to be programmed in ways more likely to support sustainable development. For example: The banks should try to ensure that a higher proportion of its operations actually involve and benefit the poorest populations; the bank should revamp adjustment lending and expand efforts such as the Program of Targeted Intervention (PTI) which expand poor people's access to assets; social impact assessments should be as routine as environmental assessments. We hope that, in any restructuring of the World Bank to achieve better loan quality, high priority is give to environment, poverty and gender considerations.
4. Publicly funded foundation mechanisms that encourage and reward experimentation and participatory partnerships -- as well as donor and governmental accountability -- should be strengthened and replicated. We urge careful consideration of establishing one or more sectoral foundations in areas such as: sustainable agriculture; sustainable energy systems; sustainable urban habitats; human development; philanthropic resources; and accountability and governance. We also urge serious study of the creation of country foundations for delivery of all or part of AID funding.
5. The U.S. Agency for International Development will probably require substantial reorganization to become a more effective mechanism for delivering assistance in support of sustainable development. It should be strengthened by --

- * reducing the number of economic objectives of aid from over thirty (we suggest one purpose and four objectives);

- * lessening micro-management by Congress;

- * channelling aid in more flexible ways which allow for beneficiary participation at all stages of the project cycle;

- * specifying goals and operating principles with greater clarity, and providing staff in the field greater discretion and flexibility to work with local partners -- particularly nongovernmental organizations -- to achieve them;

- * building local capacity with special priority on inclusion of poor people, especially women, and minority group members;

- * experimenting, taking risks, and acting more decisively on credible program evaluations;
- * more consistent program planning and implementation efforts in the field, and more decentralization of responsibility and control over resources; and
- * incorporating sustainable development guidelines into the standard operating procedures and incentive systems of staff.

6. **AID should be genuinely independent of the State Department.** It should also have jurisdiction over most bilateral sustainable development activities (except for foundation and Peace Corps programs). U.S. business development functions should be vested in such agencies as the Commerce Department, not AID. At least a portion of monies now supporting such activities should be re-directed to sustainable development. The AID Administrator should have a senior role in the new National Economic Council.
 7. **There should be no further tying of aid and existing conditions should be relaxed.** "Tied aid" is aid which is given on the condition that the recipient country purchase U.S. goods and services. In many cases, development would be more sustainable if countries were to buy local technologies and services or have the option of buying them from third country vendors instead of importing them from the U.S. Roughly 90% of U.S. military aid and 50% of U.S. bilateral development aid is now spent on U.S. goods and services. The same is true of U.S. food aid: funds must now be spent on U.S. agricultural products. Many other food aid donors finance the purchase of food from developing countries. Seventy-five percent of all food aid must travel on U.S. flag ships, except in emergencies; food aid accounts for about a third of all cargo shipped by the U.S. merchant fleet. While tying aid to purchase of U.S. goods and services may buy some U.S. political support, spending on aid is too small to have much of an impact on the U.S. trade deficit or on building markets for U.S. farm commodities.
 8. **Overall indebtedness of many developing countries should be reduced.** In this context, the U.S. should do its share in implementing the "Trinidad Terms," which call for writing off two-thirds of the official debt owed by the poorest countries. The credit reform provisions of the Banking Enforcement Act should be modified to permit the write offs. Debt relief should be provided on a sliding scale (related to a country's income per capita) to severely debt-distressed middle income countries which are committed to sustainable development policies. Incentives should be provided for U.S. commercial banks to write off portions of debt for targeted countries. More imaginative ways must be found for refinancing loans and reducing the debt owed to the International Monetary Fund and the multilateral development banks by African and other low-income countries.
 9. **Invest in education on global development.** It will also necessary to invest in education on global development issues to inform the public about direct and indirect benefits to the U.S. of international assistance. With such an investment, probably in cooperation with non-governmental groups, we will gain a citizenry which cares about sustainable development and backs it.
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Table 0.1: BFWI PRIORITY BREAKOUT
FY 1993 FOREIGN ASSISTANCE
Estimated Obligations (\$ billion)

CATEGORY	PRIORITY			Total
	I	II	III	
Bilateral - AID	2.2	2.2	2.1	6.5
AID administered				
Food Aid, TITLES II & III	1.1			1.1
Disaster Assistance	0.1			0.1
Bilateral - non-AID Assistance	0.9	0.1	0.2	1.2
Food Aid, Title I			0.4	0.4
Multilateral Assistance	0.3	1.6		1.9
Military Assistance			3.5	3.5
TOTALS	4.6	3.9	6.2	14.7

LETTER FROM DAVID BECKMANN

Mr. James Adams, Director
 Operations Policy Department
 The World Bank
 1818 H Street, NW
 Washington, DC 20433

May 21, 1993

Dear Mr. Adams:

Several of us met with you once or twice in the past week and a half to discuss the issues raised by the Wapenhans Report and the "Portfolio Management: Next Steps" document, which was intended to be an action plan for implementing the recommendations of the Wapenhans Report. Our exchanges have clarified our understanding of the challenges the Bank has before it.

Fortunately, the Board and some in management have realized the need to substantially revise the "Next Steps" document reviewed by the Board in its May 4 seminar. It is disturbing that others in the Bank view the problems with "Next Steps" as merely presentational; they believe that the document just needs firm timetables and commitments for reforming portfolio management. In our view, the shortcomings of "Next Steps" are serious and fundamental; they go to the heart of the Bank's approach to the development enterprise.

We do not disagree with the need for reforms to improve the financial quality of loans. Rather we take issue with the fact that "Next Steps" contains no plan to improve the quality of lending in sustainable development terms. The extent to which sustainable development is advanced -- especially the reduction of poverty in environmentally sound ways -- should be the primary determinant of the quality of a lending operation.

Given the facts that the Bank made commitments to sustainable development at the U.N. Conference on Environment and Development (UNCED) and was vested with responsibilities for follow-up to the UNCED, the approach of "Next Steps" is disturbing. For instance, assumptions of the documents that positive development impact will, in many respects, automatically follow achievement of desired economic efficiencies and returns is a dangerous one. For instance, the Bank cites 42% of the agriculture portfolio as having major problems. However, not all of the 58% of presumably acceptable agriculture projects would benefit the poor and protect the environment. Conversely, some of the 42% may benefit poor rural communities in sustainable ways, but fall short of a 10% rate

of return. We generally don't know how Bank projects are performing relative to sustainable development criteria.

Perhaps equally unsettling is the observation in the Wapenhans Report of the problems often caused when "programs of special emphases" -- namely projects with poverty, environment, or gender-related objectives -- complicate implementation. How is it that the "overarching objective" of the Bank, poverty reduction, is hardly mentioned in these seminal reform documents except as a factor which often complicates implementation because it is often an afterthought? Clearly, efforts to achieve such central objectives of sustainable development do not constitute the "beef" of Bank operations.

The portfolio management reforms, as presented to date, would focus on the institution's banking identity at the expense of its development assistance identity. This approach fails to: (a) adequately distinguish between reforms which will help insure loan quality defined in terms of attainment of desired efficiencies and desired rates of return, on the one hand, and steps which will help insure positive development impact, on the other; and (b) clearly differentiate between the economic, social and environmental facets of development impact. Accountability must be social and environmental -- as well as financial -- in nature.

The next "Next Steps" document needs to define loan quality in sustainable development (meaning poverty reduction and environmental protection) terms. In order to accomplish this, we recommend, in the attachment to this letter, the design and required use of: social and environmental project and program indicators, project and portfolio indices (amalgams of indicators), and a new supervision rating system.

We also propose ways to integrate concern for sustainable development into portfolio management reforms in the following areas: (a) social and environmental impact assessments of adjustment and project loans, (b) project ownership and participation, (c) public access to information, (d) risk and sensitivity analysis, (e) country policy dialogue and assistance strategies, (f) supervision, (g) skills mix, (h) reward and promotion criteria, and (i) streamlining operational policies. (See attachment.)

Implementation of all the proposed reforms will be insufficient unless, in addition, there is a realignment of decision-making within the Bank. It is our perception that when the regional and country departments, which are motivated mainly by pressure to lend, come into conflict with the departments concerned with social and environmental quality, the pressure to lend wins out over project quality. The Wapenhans Report recognizes that there is a trade-off between the quantity and the quality of lending operations and that there must be a commitment to reducing the volume of lending where that is necessary to improve loan quality. "Next Steps" does not address the needed fundamental changes in the Bank's decision-making, which are required to insure quality control in during the project cycle.

As a principal author of "Next Steps," we appeal to you to help accomplish the shift away from an excessive focus on "moving money." It requires a commitment to changing the entire culture of the Bank -- from an approval culture (focused on generating and getting approval of project blueprints) to an implementation and results-oriented culture. It will require great tenacity to accomplish this shift.

Perhaps after the June deadline for release of the next "Next Steps" passes, there will be time to discuss some deeper institutional points. In particular, it is troubling that the Bank

does not appear to have undertaken a more rigorous analysis to ascertain whether, in this era of hostile external conditions (e.g., the debt crisis, declining terms of trade), the Bank's fundamental policies and priorities are askew.

There should be some reflection upon the manner in which Bank lending has compounded the debt distress of many borrowing countries, and upon the deficiencies of the Bank's excessive preoccupation with economic liberalization during the 1980's. The main problems with an excessive reliance on liberalization are neglect of social and environmental aspects of development and abrupt and socially costly adjustments. Furthermore, the Bretton Woods institutions continue to administer economic liberalization medicine to developing countries that many donor countries themselves refuse.

We hope that this provides a helpful explanation of our views. We look forward to meeting with you to discuss how our attached recommendations might be implemented into the next "Next Steps" document, which will go to the Board for approval in June.

Sincerely,

Nancy Alexander
Bread for the World

Jim Barnes
Friends of the Earth

Robert Blake
Committee on Agricultural Sustainability for Developing Countries

Barbara Bramble
National Wildlife Federation

Marie Dennis
Maryknoll Society Office for Justice and Peace

Chad Dobson
Bank Information Center

Jo Marie Griesgraber
Center of Concern

Sam Harris and Joanne Carter
RESULTS

Doug Hellinger
The Development Group for Alternative Policies (DGAP)

David Korten
The People Centered-Development Forum*

Amata Miller
NETWORK: A National Catholic Social Justice Lobby

Gareth Porter	Ricardo Tavares
Environmental and Energy Study Institute	Brazil Network

Glenn Prickett	Bruce Rich
Natural Resources Defense Council	Environmental Defense Fund

Charles Sykes	Larry Williams
CARE, Washington Office	Sierra Club

*Organization listed for affiliation-purposes only

ATTACHMENT

**Proposed Portfolio Management Reforms to Achieve Loan Quality
in Sustainable Development Terms**

I. Commitment to defining loan quality in sustainable development terms.

A. Indicators. We are encouraged that the Bank is developing and beginning to expand the use of social and environmental indicators in conjunction with economic indicators to measure changes accomplished by individual projects. We look forward to a Bank which is clearer about what project indicators it is tracking, what the starting points were, and what it anticipates achieving.

As it is, we understand that social indicators are ONLY being developed for social sector lending operations. This would be an unacceptable approach. Social sector lending (education, health, population and nutrition) constituted 13% of Bank lending in fiscal year 1992; the other 87% would not be assessed in any way against social indicators. There is a commitment to develop and apply environmental indicators, although it is unclear the categories of operations to which they would be applied. We welcome the acknowledgement by the Wapenhans Report that: "...environmental goals may be separable from the primary economic goals, or there may be tradeoffs with the project's primary goals. For such operations, it may make sense to track environmental performance separately." (Annex C, Page 19)

Indicators would provide a basis to rank loan quality, not only by overall rate of return, but also by what it achieves in terms of poverty reduction (e.g., net returns to small food producers, real wage levels for poor people, distribution of income, land and other assets, infant mortality and literacy rates) and environmental sustainability (e.g., deforestation rates).

We recommend that a Task Force be established, including NGOs, which would develop guidelines for the design and required use of project indicators.

B. Indices. Whereas an indicator is used to measure whether, or the extent to which, a project contributes to a particular development objective, indices are amalgams of indicators which can measure the record of a project, or an entire portfolio, in achieving an objective, such as poverty reduction. Significantly, the Wapenhans Report proposes development and use of indices:

"Indicators of success in reaching target groups (should) be identified at appraisal, and tracked during implementation. They can be combined into a project poverty-reduction index. In turn, the project indices can be aggregated into a country poverty-reduction portfolio measure, using various index options..." (Annex C, Page 19, "Indexes for the Programs of Special Emphasis)

We affirm this recommendation to develop a "country portfolio performance index", if it includes indices for poverty reduction, environmental sustainability, beneficiary participation, and institutional development.

The Task Force mentioned above (I.A.) should also develop guidelines for the design and required use of project and portfolio indices.

C. Supervision Ratings. As the Wapenhans Report acknowledges, it is important to make the "project supervision ratings more

reliable, so that they can play a stronger role in signalling the need for action at the project level even as they provide a more reliable basis for aggregation into measures of country portfolio performance." (Annex C, page 1) The next "Next Steps" document should establish a way to improve upon the supervision rating system. Currently, the "development impact" rating is only one of many components of the supervision rating. Because a supervision rating cannot exceed a "development impact" rating, there is tremendous pressure to see "development impact" through rose-colored glasses. Furthermore, the rating system is very subjective -- the current system does not even require the task manager to identify the analytical bases or methodology for rating development impact. It is a non-audited, self-assessment system. We recommend that the next "Next Steps" document call for development of a system for rating "development impact," perhaps using clearly defined indicators as described above, so that one can ascertain the extent to which a project or program contributes to reduction of poverty, protection of the environment and beneficiary participation.

If project task managers are required to assess and predict the likely impacts of lending operations on the poor and the natural resource base, and if these same impacts later form part of the criteria for judging the success of the operation, the social and environmental costs of development operations will have to be internalized. (Bramble, in testimony before the House Banking Subcommittee on International Development)

II. Ways to Buttress Loan Quality, defined in social/environmental terms.

A. Social and Environmental Impact Assessments of Adjustment Loans and Project Loans. It is perplexing that the Bank claims poverty reduction as its overarching objective, but it lacks even rudimentary tools to assess the projected distributional impacts of its operations on the poor. It is vital that more be done to develop and apply such tools.

Unfortunately, monitoring the impact of adjustment on the poor and developing poverty reduction strategies are very low priorities even among adjustment operations which aim to be "pro-poor." Evidence of how effective even social funds and social action plans have been on targetting the poor is limited and mostly anecdotal. (p. 21, "Implementing the World Bank's Strategy to Reduce Poverty") It should be a requirement starting in FY1994 that appraisals for all Structural and Sectoral Adjustment Loans contain a prediction of how the conditions will affect both the natural environment and the poor. The lack of social impact assessments, the inadequate monitoring of the impact of operations on the poor, and the lack of capacity to evaluate the quality of loans based on their contribution to poverty reduction indicates a significant systemic problem.

The Bank should also give much more attention to analyzing the projects and programs it finances in the context of more realistic assessments of global economic trends. For instance, overly optimistic forecasts of commodity price trends can result in poorly performing loans which support commodity exports. The Bank should also look carefully at the collective impact of its 1800 projects on such trends (e.g., the degree to which adjustment loans and agricultural projects supporting increased exports of a narrow range of commodities will depress the market price of those commodities).

B. Project Ownership and Participation. The Bank recognizes that its approach has been to superimpose its desires upon countries, rather than to foster ownership of operations by borrowers. However, it is not clear how the Bank will deal with situations in

which borrower policies do not support poverty reduction, environmental protection, and beneficiary participation. The description of the borrower's workshop on project implementation (Wapenhans Report, annex B) does not even mention these sustainable development objectives. The Bank must not simply claim that these are the decisions of sovereign borrowers. Some guideposts of minimum acceptability relating to a borrower's willingness to pursue sustainable development objectives should be satisfied before final appraisal of each project, and relative to entire portfolios.

For instance, the percentage of (a) Bank Poverty Targeted Investment (PTI) operations should increase to over a third of investment lending during the next two years; (b) IDA PTI operations should increase to over a half of investment lending during the next two years; and the portion of PTI operations which involve beneficiaries at the design stage should be at 100% within three years.

C. Public Access to Information. The Wapenhans and "Next Steps" documents call for expanded participation of beneficiaries in lending operations. Clearly, such participation will be of limited scope and value as long as the Bank continues its restrictive information policies. Lewis Preston recently indicated to Congressional staff that the Bank's current policy should be liberalized. It would be significant if this management reform process could make progress in this area.

D. Risk and Sensitivity Analysis: The Bank documents stress the importance of such analysis only with respect to economic, management, and institutional factors, not with respect to development impact (environmental/poverty/participation) factors. The Wapenhans Report (Annex A, page 6) does not mention social risks. We recommend that the next "Next Steps" explicitly call for routine assessments of risks to the poor and the environment and that such assessment be included in the appraisal report.

E. Country Policy Dialogue and Assistance Strategies: The Wapenhans and "Next Steps" documents emphasize the importance of using the country policy dialogue and assistance strategies to strengthen the borrower's capacity to manage the implementation of projects. We recommend that the next "Next Steps" also call for integration of national poverty strategies and environmental action plans into country assistance strategies, and that such strategies and plans be given support through the country dialogue process.

F. Supervision: The recent trend toward enhanced supervision is welcome -- as is the movement toward a greater field presence. The Wapenhans Report defines the "core" supervision responsibilities as -- end-use supervision, enforcement of procurement and disbursement requirements and monitoring of compliance with the loan agreement. (p. 28) Under this scheme, unfortunately, help with implementation, which is often required with environmental impact assessment (EIA) and monitoring processes, is seen as "discretionary." It should be seen as an important investment. We believe that if the Bank invests more time and resources in consultation and participation processes in the early stages of lending operations and in impact assessments, it would pay off. On the whole, such investments would improve project quality and save aggravation and supervision time at later stages. The Wapenhans Report fails to acknowledge that the rigidities of project cycles militate against participatory processes and the integration of learning during the implementation phase. The next "Next Steps" document should emphasize the need for design and implementation of policies and procedures that permit more participatory processes and integration of learning at all stages of a project or program.

G. Skills Mix. While the Wapenhans Report stresses the shortage of financial, management, public administration, and economic specialists (p. 20), the "Next Steps" document calls for recruitment in areas such as: human resources development, private sector development, environment, natural resources management, procurement and public sector management specialists and social scientists. (p. 14) It is impossible for the Bank to strengthen all skills at the same time. We feel that the next "Next Steps" should accord top priority to hiring personnel with grassroots experience and strengthening skills in the social science and natural resources areas. We also recommend that quantifiable goals be set for strengthening the Bank's skills in these areas. Finally, consideration should be given to creating career streams in areas other than procurement, such as participation.

H. Reward and Promotion Criteria. The reworking of promotion criteria for certain limited occupational streams increases the weight assigned to portfolio management. The three key aspects of portfolio management are identified as: maintaining a strong client focus; building an effective team; and insuring effective implementation. One aspect of insuring effective implementation is working well with project beneficiaries. However, currently task managers are not publicly known. We recommend that task managers be publicly identified for each lending operation in the country concerned, along with an address and telephone number to receive public comments. Furthermore, Task Managers should be expected to play a pro-active role in eliciting feedback from affected parties throughout the life of an operation.

Another aspect of insuring effective implementation is the capacity to pioneer and create new examples of "best practice." While "Next Steps" emphasizes the importance of "best practice" and improves the procedures to make "best practice" the norm, it could do more. In particular, the next "Next Steps" should encourage creative space to pioneer and maintain dynamism in the Bank's approach to development challenges. We further recommend another revision of the promotion criteria to explicitly reward those who successfully engender public participation, experiment, and achieve sustainable development outcomes.

I. Streamlining Operational Policies: We are concerned that in boiling down the Operational Directives to short, approximately two-page Operational Policy (OP) statements which contain key directives for which Task Managers will be held accountable, some of the essential points will be lost or diluted. We would like to help ensure that the key points in current Operational Directives relating to poverty, environment and participation are not consigned to the Bank Procedural and Best Practice documents. We call for ample opportunity for public review and comment on streamlined operational policies and for Board review of all final policies.

Senator DECONCINI. Thank you very much.

I am sure you are aware of the problems this committee faces, and the chairman is more astute in explaining it than I am, but it is a difficult situation. You have causes here that are near and dear to me and I think many members here, and we will do all we can to consider your requests before us. But it is going to be the toughest year I think the committee has ever had, as you know, not just this subcommittee, but all subcommittees. And, Mr. Rossiter, regarding your position, that does not cost money, as such, but it is a strong position this committee has taken in the past and I hope we will follow your advice, and I am somewhat optimistic that we probably will.

I want to thank you very much, gentlemen, for your presentation.

STATEMENT OF JEROME SEGAL, PRESIDENT, JEWISH PEACE LOBBY

Senator FEINSTEIN [presiding]. Good morning. We will now continue with the next panel: Mr. Jerome Segal, of the Jewish Peace Lobby; Mr. Albert Mokhiber, of the American-Arab Anti-Discrimination Committee; Mr. Thomas Dine, representing the American Israel Public Affairs Committee; and Ms. Randa Fahme. Representing the National Association of Arab Americans.

Welcome. And why do we not begin with you, Mr. Segal, and we will just move right down the panel.

Mr. SEGAL. Thank you very much.

Senator FEINSTEIN. Thank you.

Mr. SEGAL. I have the unusual distinction today, I think, of testifying on what is maybe the smallest program in the Foreign Aid Program that you are going to hear about, but in my judgment one of the most important. I am referring to the Palestinian-Israeli Cooperation Program.

As we know, the overwhelming, or the lion's share, of our aid program worldwide is devoted directly or indirectly to bringing peace in the Middle East. Inside of that program, there is very little—in fact, there is only this one program that I am aware of—that directly attempts to affect the relationships between the Israeli and the Palestinian people.

The program came into existence a few years ago. The Senate and the House approved the following sense of the Congress language. I will quote it:

It is the sense of the Congress, that in order to promote better understanding and mutual respect between the Israeli and Palestinian peoples, the United States should support educational, cultural and humanitarian activities that bring Israelis together with Palestinians living in the West Bank and Gaza.

Even before the authorizing committees worked on this and produced this language, the idea of this program was put on the map, actually, by this subcommittee. It was really the leadership of Senator Leahy, support from Senator Mikulski and Senator Harkin, that back in 1990 in the report language, called for the creation of this program and not less than \$350,000 as seed money for the first year.

Since then, for fiscal years 1992–93, both this committee and on the House side, Congressman Obey's committee has recommended an annual level of \$2 million a year. And just now, for 1994, Congressman Obey's committee has also recommended \$2 million for the next fiscal year. Through fiscal year 1993, that means that congressional recommendations have come to \$4.35 million. And if that had been followed, we would have had that much activity going on in cooperative projects between Israelis and Palestinians, thus far.

In fact, the record is quite different. Less than 10 percent of the amount that the Congress has recommended has actually been allocated to this project. Nobody really knew how much demand there would be; that is, to what extent could you get Israelis and Palestinians working on the grassroots level, to come together in coop-

erative activity? And a lot of focus was placed, really, on this year's solicitation.

Nobody knew whether or not, especially with the environment of a great deal of violence and killing in the early part of this year when the solicitation was done, whether you could find any Israelis and Palestinians who would join together in this kind of work. As it turned out, the response was staggering. The Embassy and the Consulate, which implements the program, received early this year 95 different proposals for grassroots work.

And I would like to give you a sense of what some of these proposals are: \$25,000 for an Israeli-Palestinian theater group; \$25,000 request for joint work between Israelis' and Palestinians' hospitals, on bone marrow transplants; \$60,000 request for joint scientific work on plant diseases; \$30,000 to link an Israeli university with a Palestinian municipality, to work on pest control; \$13,000 to bring Israeli and Palestinian scientists together on water issues; \$25,000 to develop an Israeli-Palestinian puppet theater; \$10,000 for an interfaith dialog on peace; \$20,000 for a project on Arab and Jewish music; \$23,000 for sustained dialog between Israeli Jews and Palestinians in Nablus; \$25,000 to link Israeli and Palestinian universities together on a solar energy project; \$30,000 for a series of meetings of experts on how security issues could be addressed during the interim status; and so forth.

The amounts are trivial; the opportunity is remarkable.

What happened, however, is that the State Department bureaucracy has, essentially, ground up this program in its budget process. And while we were told that this solicitation would be used as a way of determining demand and aid levels, in fact it has turned out that no future money is now presently in the budget.

So we are in this remarkable situation, in which the program has discovered an essentially miraculous reservoir of remaining good will between Israelis and Palestinians. This is something that needs to be nurtured. And frankly, I think that after having 3 years of congressional recommendations of funding for this, that something stronger than report language is needed.

PREPARED STATEMENT

If we are to crack through the bureaucracy on this, what we really need—even though I am opposed to micromanagement—is, frankly, an earmark of \$2 million for this program for next year. Otherwise, it simply will not happen.

Thank you, Senator.

Senator FEINSTEIN. Thank you very much, Mr. Segal.

[The statement follows:]

STATEMENT OF JEROME SEGAL

Thank you for this opportunity to testify before the committee.

I would like to focus my testimony on a very, very small, but important part of our foreign aid program. I am referring to the Palestinian-Israeli Cooperation program.

It is well known that the vast bulk of our global foreign aid budget is allocated to the Middle East and is directly or indirectly intended to promote peace between Israel and the Arab States and Israel and the Palestinians.

Indeed, so much is this the case, that it would not be too far from the truth to say that the primary purpose of the global foreign aid program of the United States is to promote peace in the Middle East.

That being the case, it is quite astonishing how little creativity has ever been evident in the use of these multiple billions of dollars we provide to the Middle East. We provide military assistance, we provide economic assistance, we provide development assistance, we provide loan guarantees -- but where in our vast foreign aid program, a program largely directed at promoting peace -- do we actually promote conflict resolution?

One of the rare places where this is done is in the Palestinian-Israeli Cooperation program.

In 1991 both Houses of the Congress passed identical language as follows:

Israeli-Palestinian People-to-People Activities.

It is the sense of the Congress that, in order to promote better understanding and mutual respect between the Israeli and Palestinian peoples, the United States should support educational, cultural, and humanitarian activities that bring Israelis together with Palestinians living in the West Bank and Gaza.

The program which emerged, the Palestinian-Israeli Cooperation program, falls within what the conflict resolution community calls, "Track Two" diplomacy. (Track One being the efforts of diplomats to negotiate an end to conflicts and to stabilize peaceful relations.) The premise of Track Two efforts is that Track One does not operate in a vacuum. The freedom of movement of political leaders, whether in democracies or in dictatorships is to a considerable part limited by the attitudes and desires of the public, whether that public be the so called "Arab street" or the Israeli electorate.

In addition, "Track Two" offers a venue for political elites on both sides to enter into non-official dialogue and problem solving. Being non-official dialogue, participants can interact and explore problems and possible solutions in

a much freer and often more serious way than they can in formal negotiations. And freed of some of the posturing of formal negotiations, participants can, at times, listen to each other and gain a fuller understanding of the point of view of the other side.

Thus, the Palestinian-Israeli Cooperation program, then is not an effort at normalization, nor is it an effort to somehow reach a peace between the peoples themselves, or outside of the negotiating room.

Rather, it is a program based on an understanding that a formal peace agreement can only be reached by the political leadership. Yet it is also based on the knowledge that the possibility of reaching such an agreement, can be considerably enhanced by a variety of informal interactions, both between ordinary people, between institutions of civil society, and between elites of both sides.

On another level, the program is a way of demonstrating to all sides that not only is a formal peace agreement possible, but that if it is achieved, it will be possible to have real peace between the two peoples.

The theory of "Track Two" is not new, nor is this the first time the United States has sponsored Track Two efforts. But it does represent, the fullest effort ever taken to strengthen Track Two efforts between Israelis and Palestinians. And if not the first, it is certainly one of the first conflict resolution programs ever undertaken by the United States government.

It should be realized that such approaches are particularly important in this conflict. When we are talking about Israelis and Palestinians, we are not talking about two populations separated by thousands of miles as was the case between the protagonists during the Cold War. Nor are we talking even of two populations on either side of a clearly defined border. Indeed, even if the conflict is resolved with the creation of a Palestinian state, the traditional notion of borders may come into question, as is clear when we think of the Palestinian residents of Jerusalem.

Moreover, it is worth remembering that in all of Israel and all of the occupied territories taken together we have fewer people than live in New York City. Whether these people can live together in peace, will depend on more than traditional inter-state mechanism of national interest and deterrence. At least in part it will depend on how each people understands the other.

If the Palestinians are seen by Israelis as non-existent, or as "grasshoppers" or as "insects in a bottle" in the end there will be no stable peace. If the Israeli Jews are similarly de-humanized, seen as people without their own rights and fears, in the end there will also be no stable peace.

Ultimately, resolution of this conflict will require not that each side accepts the point of view of the other, but that each side recognizes that there exists on the other side human beings with a point of view. Even those that deny

the validity of the point of view of the other, will need to say that they will accept partial fulfillment of their claim to justice, rather than continue to struggle in pursuit of absolute justice.

On a daily basis in the Israeli-Palestinian conflict we have a struggle between forces of humanization and dehumanization. And the dehumanization exists not merely in how one behaves and perceives the other, but in the destruction of one's own capability of responding and recognizing the humanity of the other.

The Congressional language calling for this program spoke of the need to promote mutual respect between the two people. This does not mean that history is wiped away. Rather respect is a necessary condition for making peace even between enemies.

This program did not emerge from the Executive Branch, and indeed, it did not really emerge from the Legislative branch. Rather, it emerged from the American Jewish peace movement. It was our way of saying to our Palestinian and Israeli counterparts, "Look, the hard job a making peace lies with you, but we can support your efforts." And thus as American citizens, we turned to our government and said, "This is something the United States should support. This is something that the American people as a people should be doing."

When we turned to the Congress, we found many members were enthusiastic about the program. On the Senate side we owe the legislative language to the efforts of former Senator Terry Sanford, and on the House side to Congressman Lee Hamilton. But even before the authorizing committees called for this program, it was this Senate Subcommittee under the leadership of Senator Leahy that first put the idea on the map.

In October of 1990, in the report that accompanied the aid bill for fiscal 1991, you, Senator Leahy, took the lead and called for "not less than \$350,000" to be allocated in fiscal 1991 to private voluntary organizations in Israel and the West Bank in support of activities that strengthen contact and mutual understanding between the two peoples.

In the two years that followed, for fiscal 1992 and fiscal 1993 the appropriations committees of both the House and the Senate have urged that \$2 million a year be made available for this program.

Unfortunately, the record, first of the Bush Administration and now of the Clinton Administration is mixed.

On the positive side we can say that the program was created and funded. And it was internalized, seen as a useful part of our foreign policy. President Bush's budget for fiscal '93 contained a request for \$500,000 for the program.

But on the negative side, there is much to be critical of with respect to implementation:

- While the Bush Administration made some initial mini-grants in 1991, they moved so slowly in developing formal criteria for the program, that no grants at all were made in 1992.

- Little work has been done to identify the kinds of activities that could have widespread impact and then to seek to interest the relevant sectors of Palestinian and Israeli society in such activities. Implementation has been re-active, not pro-active.

- On the funding side, had the Congressional recommendations for fiscal years, '91, '92 and '93 been followed, a total of \$4.35 million in project activity would now be underway. Instead, the resource allocation has been so restricted, that no more than a few hundred thousand dollars has actually gone to Israeli and Palestinian organizations to support their proposals.

- Worst of all, the Administration has not included any funding for this program in its 1994 budget.

It is this last issue of funding that I want to focus on. We were seriously concerned when no grants were made in fiscal '92 and instead \$500,000 in fiscal '92 money was carried over to be used in fiscal 1993. When the operating budget was being set for fiscal 1993, the Peace Lobby contacted the Administration and suggested that \$1.5 million in new '93 money be added to the \$500,000 carry-over from fiscal '92, thus reaching the Congressionally recommended level of \$2 million for '93. In conversations with the Administration we were told that they didn't know how much demand there would be for the money, but that the new grant solicitation would be used as a measure of demand, and higher levels could be forthcoming.

Thus a great deal of attention and expectation was focused around the solicitation of grant proposals that was done early in calendar 1993.

You will remember that the early part of this year was marked by a surge of violence on all sides. One open question was whether with the increased bitterness and tension, Israelis and Palestinians seeking to promote peace through cooperative activities could be found. No one knew the answer, and it was quite possible that no project proposals at all would be submitted.

Instead the response was astonishing, and it amazed and impressed everyone in the Administration connected with this program.

Earlier this year, 95 distinct project proposals were received, requesting U.S. funding for cooperative activities. The total funding requested came to roughly \$3 million for this one year.

The projects came from all sectors of Israeli and Palestinian society. They represent a remarkable outpouring of grassroots creativity. Some of the requests were as follows:

\$25,000 for an Israeli-Palestinian theatre group

\$25,000 for joint work between Israeli and Palestinian hospitals on bone marrow transplants,

\$60,000 for joint scientific work on plant diseases,

\$30,000 to link an Israeli university with a Palestinian municipality for work on pest control,

\$13,000 to bring Israeli and Palestinian scientists together in a forum on water issues,

\$10,000 for an interfaith dialogue on peace,

\$25,000 to develop an Israeli-Palestinian puppet theatre,

\$25,000 for a project on Arab and Jewish music,

\$10,000 for an Israeli-Palestinian conference on non-violence,

\$23,000 for a sustained dialogue project between Israeli Jews and Palestinians in Nablus,

\$25,000 to link together an Israeli and Palestinian University project on solar energy.

\$30,000 for a series of meetings of experts on how security issues could be addressed during the interim phase of a peace settlement.

And so forth. The list goes on and on. The amounts tend to be trivial, the opportunity remarkable.

But the sorry fact is, that of the 95 proposals submitted, each of which represented collaboration between Israelis and Palestinians, each of which represented a new beginning in the effort to undo the dehumanization which this conflict has produced --- of those 95 project -- 85 were turned away empty handed, because little more than \$200,000 was made available for the entire group. \$200,000 in response to the \$3 million requested by Israeli and Palestinian PVO's.¹

I was in Jerusalem in March and met with the State Department staff responsible for the program and they were enthusiastic about the program. They were looking forward to an expanded program in fiscal '94, even though they know this means considerable work to an very busy office.

When I returned to Washington, I brought to the attention of the State Department the fact that the recent

¹ Of the \$500,000 that was carried over from fiscal '92, half of that money was allocated to USIA rather than allocated for Israeli and Palestinian PVO's as originally intended. In recent days we have learned that some of that money will be returned to the PVO pot, thus raising the amount available in fiscal '93 to a little over \$300,000.

solicitation had proven one of the central theses behind the program: that if the U.S. created a funding mechanism, its mere existence would serve as a catalyst for Israelis and Palestinians to seek out each other and to plan cooperative activities.

The State Department agreed that the response was indeed impressive and that the program was indeed valuable. But when it comes to money, the door remained shut. Current plans do not include any funding for fiscal 1994.

This is an incredible situation. We have on the human level an almost miraculous reservoir of good will still existing between Israelis and Palestinians. Without nurturing this human resource, the billions and billions that we have spent on the Middle East may in the end fail to produce a sustainable peace.

This program does not require large amounts of funding. And Congress has not requested that the Executive branch provide large sums.

For the State Department to deny it that pittance, is nothing short of disgraceful. It represents the ultimate example of being penny-wise and pound foolish. And it shows an absence of any serious commitment to making conflict resolution programs a serious part of American foreign policy.

We have seen over the last three years that the State Department has only been minimally responsive to the Congress with respect to this program. As I noted before, less than 10% of the money recommended for this program has actually gone to Israeli and Palestinian groups. And now the bureaucrats are planning to starve it into non-existence completely.

On the House side, under the leadership of Congressman Obey, there is a recommendation going forward of not less than \$2 million for fiscal '94.

It is the same recommendation that was made in 1992 and 1993, and we are very appreciative of the support of the House committee in this difficult budget year.

But in all frankness, I must say that after three years of dealing with the bureaucracy on this, something more powerful is needed. Over the last three years, the State Department has made available for this program less than 10% of what you have recommended.

I know that there is a good case to be made against micro management, and I know that the foreign aid budget is already largely earmarked leaving the Administration little discretion. But the truth is that for three years the bureaucracy has not listened to the Congress on this.

The time has come to move from recommendations and report language to a straight earmark for \$2 million. That is the only way we will insure that this important program will go forward.

Thank you for your consideration.

STATEMENT OF ALBERT MOKHIBER, AMERICAN-ARAB ANTIDISCRIMINATION COMMITTEE

Senator FEINSTEIN. Is it Mr. Mokhiber or Mr. Mokhiber?

Mr. MOKHIBER. It is Mokhiber. Thank you, Senator, for offering the opportunity to us to speak. The ADC is a domestic civil rights organization that is also acutely aware and concerned of human rights violations, with respect to the Palestinians living under occupation in Israel. And on those grounds, we appear before you this morning to ask to reconsider the aid levels that are going to Israel.

The most recent report of Amnesty International, which was issued only last week, May, excuse me, June 8, states that the law has never been applied among countries who clearly meet the definition, including Israel, citing Israel's torture and ill treatment of Palestinians, including deaths in custody, extrajudicial killings, unfair trials and deportations. Amnesty concludes that the United States should seriously assess assistance to countries that fail to protect human rights.

Unfortunately, we do give a large amount of foreign aid to Israel, and it has never kept its promise to uphold the human rights of the Palestinians.

I share the concern with Dr. Segal, as we both want to see a peaceful resolution to the situation in the Middle East with Palestinians and Israelis living, not under occupation or fear, but under a peaceful conclusion to these conditions. Unfortunately, as long as we continue to give aid unabated to Israel, without calling it on these human rights violations, I think it will continue to act wantonly, with total disregard for the Palestinian population.

These are not criticisms that are something that we are the only ones aware of it, ADC. The State Department itself, as I mentioned, Amnesty International, and others are extremely concerned about these conditions.

Other things that concern us about the large numbers, in fact the billions of dollars of aid that go to Israel, is that at a time when our Medicare and Medicaid programs are targeted for cuts, Israel is receiving between \$3 and \$7 million to support United States sponsored private nonprofit schools and hospitals through the American Schools and Hospitals Abroad Program.

The National Institutes of Health and the Center for Disease Control budgets have been cannibalized by severe cuts in recent years. However, we provide Israel's Middle East resource exchange package with about \$11 million, to support exchange with Third World nations for research and development, science projects and other related projects.

While Americans face problems obtaining mortgage loans, and Federal housing subsidies are increasingly cut, Israel has received \$2 billion in loan guarantees, which it requested for housing and now proposes to use for infrastructure development and expansion, and for low-interest loans to its private business sector.

I might point out here that last week the Washington Post had a very interesting article, wherein the Israelis are claiming they do not even need the \$2 billion in loan guarantees, despite the major political campaign that it waged in the United States; and pretty much mentioned that it was a campaign to just show that they still had the muscle to get what they wanted.

Despite increasing United States cuts in United States refugee programs and asylum projects, including those for people from the Middle East, we grant Israel \$80 million this year for its Jewish Refugee Resettlement Program. American tax dollars continue to subsidize Israeli programs which discriminate that nation's Christian and Muslim citizens. There are roughly 17 to 18 percent of Israel's population, not in the occupied territories but within Israel proper, that are citizens—both Christians and Muslims—who are not treated fairly. And this runs contrary to our notion of fair play here in the United States.

I might add that it is increasingly becoming aware to the American public that our Medicare, our Medicaid programs, Social Security are being cut. And I bring, by illustration, the fact that many elderly in the United States are surviving off of cat food, while we are subsidizing things in the occupied territories, or excuse me, in Israel, so that others can be eating caviar. And I think we need to get away from the cat food at home, caviar abroad type of mentality. It is something that 86 percent of the American people were aware of when the loan guarantees were up, and they supported President Bush's call for an end at least to the settlements—which we never saw. The settlements continue, unabated.

With respect to Lebanon, we are extremely concerned that the Department of Transportation and the State Department have, rather than relaxed the travel ban to Lebanon and allowing Middle East airs to fly to the United States, have instead increased the harassment of Americans and Lebanese wanting to travel for family reunification purposes; 15 years of war have led us to a situation now where these people cannot even be reunited with their loved ones.

Finally, since my time is up, I think we should reconsider increasing some aid to countries in the region who need it the most; including Iraq, Somalia, Sudan, and Bosnia. The peoples of those countries are suffering. Regardless of the misdeeds of their Governments, I think we owe some humanitarian response to them.

PREPARED STATEMENT

And last, the peace talks, which we all want to succeed, of course, hinge on the ability for the United States to be an equal partner. And I think if we continue to sway the equation with too much aid, without any accountability, those talks are doomed. And I think that is something none of us want to see happen. Thank you very much.

Senator FEINSTEIN. Thank you very much. Mr. Dine?

[The statement follows:]

STATEMENT OF ALBERT MOKHIBER

I would like to thank Senator Leahy and the Members of this Committee for the opportunity to appear before you today to address troubling issues that remain unresolved in the Middle East. Among the topics I will touch on in this brief presentation are the following:

- 1) U.S. Aid to Israel
- 2) The Occupied Territories
- 3) The Middle East Peace Talks
- 4) The Issue of Lebanon
- 5) Humanitarian Assistance to Bosnia, Iraq, Somalia, and Sudan

1) U.S. Aid to Israel

Israel's refusal to sign the nuclear Non-Proliferation Treaty and its abysmal human rights record are grounds for suspension of aid under the provisions of the Foreign Assistance Act of 1961; yet Israel continues to receive the highest level of aid granted by the U.S. to any foreign nation. Amnesty International's most recent human rights report released on June 8, 1993, states "this law has never been applied...among countries who clearly meet this definition...is Israel." Citing Israel's torture and ill-treatment of Palestinians, "including deaths in custody, extrajudicial killings, unfair trials, and deportations," Amnesty concludes that "the United States should...seriously assess...assistance to countries that fail to protect human rights."

A recent Congressional Research Service Report (CRS, 93-513 F) shows that our outlay of aid, grants, and loans to Israel will exceed \$5 billion dollars in FY 93. According to the CRS, Israel has been the lead recipient of U.S. foreign aid since World War II and accounts for some 20% of our FY 1993 foreign aid

appropriations. In distinction to other grantees, Israel receives its economic and military aid in a lump sum at the beginning of the fiscal year allowing it to invest and earn interest on its grant which can be used to service its debt to the U.S. or for other purposes. During the 1980s Israel refinanced about \$5.5 billion of the Foreign Military Sales loans owed to the U.S. through commercial sources, says CRS, and earned about \$150 million per year on its debt to the United States. In addition, the Cranston Amendment assures that Israel's annual aid package is set at a level that covers its interest obligations, so that it is the U.S. taxpayer who supplies the dollars that prevent default.

Yet an economist and financial expert quoted in the June 10th Washington Post, reports that the ten billion dollars in loan guarantees urgently requested by Israel just two and a half years ago may no longer be needed. Michael Bruno, former Governor of the Bank of Israel during the time of the loan guarantee requests, stated that "With today's conditions, there is no need for its import of capital." MIT Professor Stanley Fischer, who appeared before Congress last year to support the loan guarantees, says that given current conditions, Israel should voluntarily forego the \$1.2 billion of this year's economic assistance package.

These criticisms arise at a time when the U.S. economy flounders and Americans face rising unemployment, new tax increases, and widespread cutbacks in domestic program budget allocations, including Medicare cuts for our elderly and retired citizens. Increasingly, Americans question an aid package of loans and grants that allows Israel to pursue its national policy at the expense of our own. In contrast to our domestic program outlays, Israel's benefits from this year's aid package include the following:

- While our Medicare and Medicaid programs are targeted for cuts, Israel receives between \$3 and \$7 million to support U.S. sponsored private non-profit schools and hospitals through the "American Schools and Hospitals Abroad Program."

- Although National Institute of Health and Center for Disease Control budgets have been cannibalized by severe cuts in recent years, we provide Israel's Middle East Resource Exchange package with about \$11 million to support exchange with third world nations for research and development, science projects, and other related projects.

- While Americans face problems obtaining mortgage loans and as federal housing subsidies are increasingly cut, Israel has received \$2 billion in Loan Guarantees which it requested for housing and now proposes to use for infrastructure development and expansion, and for low interest loans to its private business sector.

- Despite increasing cuts in U.S. refugee programs and asylum projects, we will grant Israel \$80 million this year for its "Jewish Refugee Resettlement" project.

-American tax dollars continue to subsidize Israeli programs which discriminate against that nation's Christian and Muslim Arab citizens.

Israel's Human Rights Violations

Israel's continued pattern of human rights violations in the occupied territories, in contravention of the Foreign Assistance Act of 1961, has caused alarm and reaction within our own State Department. The State Department's 1991 Human Rights Report on Israel reports cases of torture, deaths in confinement, and extrajudicial killings by Israeli Defense Force uniformed and

undercover operatives against Palestinians inside Israel and in the occupied territories.

In December 1992, in violation of international law, Israel expelled 415 Palestinians into Lebanese territory; among them were United Nations employees, physicians, members of the clergy, professors, students, and construction workers. These expulsions resulted in worldwide condemnation of Israel and international sanctions under U.N. resolution 799. However, the sanctions have yet to be imposed and the deportees remain stranded outside their indigenous homeland away from their families.

Following the expulsions, in January 1993, Israel detained and continues to hold three American citizens of Palestinian descent, accusing them, as it did the 415, with being members of Hamas. The Hamas, originally an organization supported by Israel as a challenge to the PLO, is now repudiated by Israel as engaging in terroristic actions. The families of the men - Mohammed Salah, a salesman from Bridgeview, Illinois; Mohammad Jarad, a grocer from Chicago; and Anwer Hamdan, an architect from Lafayette, Louisiana - have denied their engagement in unlawful activity. These three Americans continue to be monitored by the U.S. State Department. Amnesty International claims that two are known to have been tortured. According to information received from U.S. State Department sources, Israel is subjecting these men to substandard and inhumane conditions of confinement while failing to provide them proper access to attorney consultation, family visits and, in the case of one, a heart bypass patient, proper medical care.

2) Israeli Occupation of the Territories of the West Bank and Gaza and the Peace Talks.

The peace talks now underway are not free of tension, and it remains unclear that a successful conclusion will be reached.

For the millions of Palestinians under Israeli occupation, statehood remains an unrealized goal. The Israeli military occupation of the territories of Gaza, the West Bank and portions of Jerusalem has persisted for over a quarter of a century and increasingly contributes to regional tensions. Similar to the cases of Jews in Germany and Blacks in South Africa, Arab residents of the territories are required to carry pass cards in Israel. The isolation of Jerusalem, the continuing occupation, the statelessness of Palestinians, and the denial of basic rights is a formula for lasting conflict and misery, not a formula for peace.

Across all sectors and at every level of Palestinian society the closure of the territories over the past ten weeks has resulted in untold suffering and depression of the economy. UNWRA reports a daily loss of \$2 million in the West Bank and \$75,000 in Gaza in wages alone. In addition to this:

- unemployment is steadily rising as thousands of Palestinians are dropped from employment due to their inability to obtain the required special work permits

- trade, commerce, and manufacturing have been severely restricted as the Israeli Defense Forces have closed borders, production and business sites, and have forbidden daily commuting to work, resulting in shortages of food and medicines, and a severely depressed economy

- human rights abuses including collective punishment, deportation, house demolition, administrative detention and other abuses continue to escalate.

- Injury and death of children has escalated due to the relaxation of IDF open fire regulations.

Under curfew:

- families find themselves confined to their homes under virtual house arrest, unable to reach doctors and essential medical services. Furthermore, women in childbirth have been forced to deliver at home, while those suffering from cardiac arrest, grave illness and accidental injury have been unable to obtain essential emergency care.

- families are unable to carry out the ordinary activities of daily living, unable to shop for food, attend school, report to work, make religious observances, or to carry out other necessary transactions, including funeral services and burials

- curfew can mean death for those who step into a doorway or out on a balcony for a breath of air. A most recent example of this is the case of a toddler shot in the chest and killed when he stepped into the doorway of his father's shop. This one year old infant, Fares al-Kaduri, is the 221st child killed by Israeli Defense Forces since the start of the Intifada in 1987 and the 16th child killed by the IDF in 1993.

On June 7th, with the end of the occupation nowhere in sight, Israeli Foreign Minister Shimon Peres told settlers "the Israeli government will never agree to the removal of settlements from the West Bank." (Hadashot, June 8, 1993.)

3) The Middle East Peace Talks

The peace talks that were to end this misery by restoring statehood and territorial integrity to the Palestinian people and to offer Israel relief from regional tensions and instability have gone nowhere and will go nowhere until Israel resolves to end the occupation. Sadly it seems to have neither the intent, the desire, nor the national will to bring this about. Until the

United States is able to fashion a new understanding and relationship with Israel based on a higher moral ground, the above cited abuses will continue and worsen. It is essential that Congress encourage this administration to shape an Israeli policy that will call for full Israeli compliance with all U.N. resolutions demanding the withdrawal from all occupied territories including the Golan Heights, the West Bank, the Gaza Strip and Southern Lebanon.

4) The Issue of Lebanon

Regarding U.S. policy toward Lebanon, the administration has terminated the temporary protected status accorded to 7000 Lebanese nationals during the turbulence of Lebanon's civil war, thus permitting their return to their country. With this, it is time for the United States to restore full diplomatic relations with and respect for Lebanon.

The United States should begin by re-opening the U.S. consulate in Beirut. This action, offering more than just a symbolic gesture of normalization, would allow ready access by those with families or business interests in the United States to conclude necessary arrangements for emergencies, travel and for those ordinary business transactions that require the assistance of our government.

The United States should immediately lift the ban on American citizens traveling to Lebanon for humanitarian and family reunification purposes. After fifteen years of war, it is inhumane to obstruct any further the ability of Lebanese families to be reunited. Also, the economic boost of American commerce, crucial to Lebanon, cannot be obtained with such travel restrictions.

At the same time, restrictions should be lifted on Middle East Airlines to provide U.S. citizens with direct access for

travel to Lebanon for purposes of family visitation and emergencies, for business, tourism, and educational travel. Restoring the accessibility of American travel to Lebanon will benefit citizens and businesses, there and here. This will also benefit the airlines and shipping companies that stand to profit from increased business opportunity during Lebanon's period of healing and reconstruction.

The U.S. government must redouble its efforts to compel Israel's compliance with U.N. Resolution 425 calling for Israel's immediate and unconditional withdrawal of all Israeli troops and personnel from Lebanese soil.

It is also essential for full recovery of the Lebanese economy that we increase levels of U.S. humanitarian and development aid. With this, Lebanon may find it possible to restore its infrastructure depleted by fifteen years of civil strife and invasion; without it such reconstruction is well nigh impossible of achievement. I would call upon this committee to help implement these very needed actions on behalf of a country that has always cooperated to the fullest extent with its Western partners.

5. Humanitarian Assistance to Bosnia, Iraq, Somalia, and Sudan

Finally, the children and other vulnerable persons in Bosnia, Iraq, Somalia, and Sudan continue to suffer the consequences of civil strife, international sanctions and embargo.

Rather than reducing tensions, the long delayed U.S. response to the crisis in the former Yugoslavia has placed the people of Bosnia in precarious, uncertain and life-threatening conditions. Acting to relieve their suffering is an urgent

priority which can be accomplished only with continued monitoring and responsiveness to their overall well being. While Congress has recently voted to release monies for military assistance, there is a need for humanitarian assistance as well, which I hope will be forthcoming.

Civilians in Iraq, who have not yet recovered from the Gulf War of 1991, continue to suffer as a result of the sanctions that remain in place. Physicians traveling to the Middle East and international humanitarian agencies state that shortages of vaccines, medicines, antibiotics, insulin, anesthesia and other essential items have resulted in numerous deaths, increased trauma and disability, and widespread suffering. The people of Iraq are not our enemy any more than are the people of any other nation of the world. Lifting the embargo, which is touching the lives of millions in that country, would end the suffering of the Iraqi people by allowing them the opportunity to obtain sufficient food, medical and infrastructure supplies that can restore their daily lives to normalcy.

Somalia's civil unrest and the continued turbulence in Sudan have affected millions of civilians in each country. The deleterious events of the past few years have severely impacted their economies and civil societies. It is only with our assistance during this critical period that there can be an early resolution of their respective crises and a re-stabilization of their national life. The impact on the region has been severe; demonstration of our concern through the extension of humanitarian aid is critical for the people of these two nations as well as for our future relations in the region.

I have appended a number of supporting documents to this testimony that relate to these issues. Again, my thanks to the committee for this opportunity to speak to you today.

THE ISRAELI SETTLEMENTS AND INTERNATIONAL LAW

- * Israeli Settlement Activity in the occupied territories specifically violates:
- * The Hague Conventions of 1899 and 1907
 - * Conquering powers can no longer seize and confiscate private property of the indigenous population in occupied territory. Articles 46-47. The occupant may expropriate private land only for the needs of the occupying forces but compensation must be paid to the property owner.
 - * Immovable state-owned (public) property of the ousted sovereign may not be seized by the occupying power which is only to act as the administrator of these properties. Art.56
 - * Movable public property of the ousted sovereign may be appropriated but only for military use. Article 23 (g)
 - * The occupying force is prevented from changing existing laws in the occupied territory "unless absolutely prevented". Article 43
 - * Israel is bound to the Hague Conventions because they are now customary international law. Admitted by Israeli High Court in the Elon Moreh case.
- * The Geneva Convention Relative to the Protection of civilian Persons in the Time of War (Geneva IV). Israel is a signatory.
 - * Individual or forcible transfers, as well as deportations of protected persons from occupies territory or to that of any other country, occupied or not, are prohibited regardless of motive. Article 49(1)
 - * The Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies. Article 49(6)
 - * Any destruction of by the Occupying Power of real or personal property belonging individually or collectively to private persons, or the state...is prohibited, except where such destruction is rendered absolutely necessary by military operation. Article 53
- * The United Nations Charter
 - * Articles 1(2) and 55 include the right of indigenous people in occupied territories to determine their own future.

[From the Washington Post, June 10, 1993]

ISRAEL MAY NO LONGER NEED CONTROVERSIAL LOAN GUARANTEES

(By David Hoffman)

JERUSALEM, June 9—Two-and-a-half years after Israel urgently asked the United States for guarantees for \$10 billion in loans to help absorb immigrants from the former Soviet Union, economists and former government officials are saying the country may not need the money after all.

The request touched off a bitter political struggle between then-Prime Minister Yitzhak Shamir and the Bush administration over Jewish settlement in the occupied territories and helped cause Shamir's defeat in last June's elections. Israel finally won the guarantees last year and recently raised the first \$1 billion on Wall Street.

The money is now on deposit at the Bank of Israel—but the government is not rushing to spend it. For now Israel also has decided to wait at least until fall to borrow the next \$1 billion—and outside experts, including the head of the Bank of Israel under Shamir's government, say there is now little need for it.

"With today's conditions, there is no need for the import of capital," said Michael Bruno, who was governor of the Bank of Israel when Israel first requested U.S. loan guarantees.

Israel asserted that the guarantees were essential to absorb vast numbers of Jewish immigrants, and especially to provide housing for them. However, according to Israeli officials, under current plans, none of the money will be used for housing, of which Israel has a surplus. Nor will it be used directly to ease the resettlement of the immigrants from the former Soviet Union.

This week, a conference on the loan guarantees was held in Tel Aviv. Its title: "What Do You Do With \$10 Billion?" Outside, Russian immigrant activists demonstrated to protest that no representative of their interests was invited to discuss the use of the loans.

"The issue of *aliyah* [Jewish immigration] seems to have become secondary," said Eli Kazhdan, an official of the Soviet Jewry Zionist Forum, an advocacy group for the new arrivals.

Israelis say it was important to win the fight for the loan guarantees as a political reaffirmation of the country's alliance with the United States. But from an economic standpoint, no one in the government is claiming any longer that the loans are "vital" to Israel's survival. Now, the money is viewed as a nice cushion, rather than a lifejacket, and there are plans to use it to expand the country's highway system and as a pool for low-interest private business loans.

Under the program, in which the United States guarantees Israel's repayment of commercial bank loans, there is no direct cost to the U.S. taxpayer unless Israel defaults. Israel is to pay the "set-aside" cost to insure against default—although critics say this amount will come from other U.S. aid. In case of default, which U.S. officials say is unlikely, the United States would have to pay the full principal and accumulated interest.

When it first asked for the loan guarantees two years ago, Israel overestimated the immigration wave from the former Soviet Union. When

the \$10 billion figure was conceived, Israel anticipated 1 million new immigrants within a few years. Only about half that number have come since late 1989.

Jacob Frenkel, governor of the Bank of Israel, said in an interview that Israel "can make good use of the loan guarantees, at least for the coming couple of years," to stimulate job creation and economic growth. This would "send a signal to prospective immigrants, who have not yet arrived but are sitting on their suitcases" waiting for conditions here to improve, he said.

Some influential economists and politicians here question whether Israel needs, or should borrow, the full \$10 billion, which was authorized over a five-year period. "There are lots of benefits from these loan guarantees," said economist Eli Sagui, director of a Tel Aviv consulting firm. "But nobody needs it right away, not the \$10 billion."

Bruno suggested that Israel borrow only half of the next \$1 billion in

stallment. "It's not that there will be no need whatsoever" for the loan guarantees, he said in an interview. "But it's better, if there is not a clear objective, to be slow about using it."

Stanley Fischer, a professor of economics at the Massachusetts Institute of Technology, who testified in favor of the loan guarantees before Congress in 1992, offered an even more radical suggestion: that since Israel has the loan guarantees but does not need them, it should volunteer to give up the \$1.2 billion it gets in annual economic assistance from the United States.

Prime Minister Yitzhak Rabin, who secured the loan guarantees from the Bush administration, said he had no choice because the issue had become a political symbol. "I came to the conclusion that the issue of guarantees had turned into a test of Israeli-U.S. relations," he said. His spokesman, Gad Ben-Ari, said Rabin believes Israel will need the full amount of the loan guarantees for infrastructure and business investment.

ISRAELI SETTLEMENTS: ARE THEY OBSTACLES TO PEACE?

Yes. Because the struggle over land is the heart of the Israeli-Palestinian conflict. Much of the world, including the Arab "frontline" states, agrees that an enduring and just solution lies in a compromise over the occupied territories. But settlements have carved the Israeli-occupied West Bank and Gaza Strip into a patchwork of Palestinian and Jewish areas. Disentangling Israel from the Palestinian territories is already a difficult prospect. The more Israeli Jews are settled in the territories, the more difficult any territorial compromise will be.

And yet, despite international alarm, the Israeli government remains committed to its settlement policy.

During the last 23 years, since Israel's occupation of the West Bank and Gaza Strip in the 1967 war, over 200 settlements have been established in the occupied territories. Although Israel has come under intensifying international pressure to halt the establishment of new settlements, the latest policy is to "thicken" the existing settlements, to increase their populations, expand their borders and merge them into grids of exclusively Jewish Israeli areas cutting through and fragmenting Palestinian land.

Since Palestinians—even those who are citizens of Israel—are forbidden to live in the proliferating settlements, the indigenous Palestinians are being pushed into increasingly dense concentrations, while their land and source of livelihood are confiscated. Consequently, well over half of the West Bank has been closed to Palestinian use. This has had devastating effects on Palestinian agriculture and economy.

But most importantly, by eliminating Palestinian land tenure, Israel eliminates the possibility of any territorial compromise.

The settlements are in fact being created to bolster Israel's claim to *permanent* sovereignty over the occupied territories by increasing the Jewish population. The same policy, pursued for decades inside Israel, has led to extensive dispossession of the land of Palestinian Israeli citizens. Manifesting in the occupied West Bank and Gaza Strip, the policy reflects Israel's intention to annex the occupied territories—as Prime Minister Yitzhak Shamir openly admits.

WHAT ARE ISRAEL'S SETTLEMENT PLANS?

The current settlement policy in the West Bank was initiated immediately after the 1967 war, based on a master plan by Labor Minister Yigal Allon to establish strategic military settlements along the Jordan Valley to defend Israel's eastern flank. Under later Labor govern-

ments, in unpublicized policy shifts, military closures were converted to permanent civilian settlement and extended into the Palestinian highlands. In the Gaza Strip, settlement policy concentrated more purely on the dual goals of eliminating Palestinian resistance and controlling scarce water sources.

Since the Likud party came to power in 1977, settlement has greatly accelerated and the government has adopted an open, ideological commitment to retain all of historic Palestine.

Fragmenting the Territories

Israeli settlements are established in "blocks," which ensure contiguous control over Palestinian land and resources. In addition to their military function, blocks are designed to circumscribe Palestinian Arab villages and prevent their growth. Roads and electricity nets, established to serve the settlements, bypass Palestinian villages, cut through Palestinian land and further fragment Palestinian land and communities.

This fragmentation serves to convert what was clearly Palestinian territory to an area "under dispute."

Erasing the "Green Line"

Israeli policy calls for placing settlement blocks directly on the "green line," the 1948-49 armistice borders between Israel and the occupied territories. By straddling this border, settlements obscure the distinction between military occupation and full sovereignty, facilitating eventual annexation.

"The Demographic Problem"

Israel has always viewed the presence of the Palestinian Arabs in Palestine, even those who are citizens of Israel, as a demographic "problem": an obstacle to the consolidation of a Jewish state. Today, "Judaization" remains the official state development policy, especially in such predominantly Palestinian areas as the Galilee, where Israeli plans call for establishing new Jewish settlement blocks specifically in order to shift the demographic balance. Plans also include the razing of over one hundred "unrecognized" Palestinian villages.

Settlement plans for the occupied territories reflect the same strategy. By the end of 1990, the settler population in all the territories was approximately 200,000; the government plans a further 50% increase by 1994.

How are Settlements Established?

Settlements in the occupied territories are overseen by the World Zionist Organization (WZO) in close partnership with the Israeli government, especially the Ministries of Housing and Industry. The government's delegation of settlement planning and administration to the WZO in fact functions to provide deniability to the government in the settlement process. By operating outside the turbulent arena of Israeli politics, the WZO also ensures that settlement continues according to long-range plans.

Land Confiscation

Israeli confiscation of Palestinian land is effected through several devices. Palestinian land may be (1) declared a closed military area and subsequently converted to civilian settlement use; (2) declared "state" land, which automatically destines it for exclusively Jewish use; or (3) seized for roads, "nature reserves" and other "public domain" use—always for the exclusive benefit of Jewish settlers.

Unlimited Immigration

Constantly seeking a larger Jewish Israeli population, the WZO operates an extensive international network of organizations and recruitment campaigns to steer Jewish migration to Israel. One result of this policy is the current mass influx of Soviet Jews, totaling over 200,000 in 1990 alone, and creating an acute housing shortage which ensures a Jewish population flow into the territories.

House Demolition

To prevent Palestinian community growth, the Israeli government has frozen most Palestinian municipal boundaries both inside Israel and in the occupied territories. The inevitable overflow construction by the expanding population is considered "illegal," and is subject to demolition. In the past three years alone, nearly one thousand "illegal" Palestinian homes in the occupied territories have been bulldozed or dynamited.

Subsidies

The government provides low-interest loans and other subsidies to Jewish settlers, permitting home purchases at lower prices than are available inside Israel. The financial incentives attract the bulk of settlers today, who seek affordable housing within easy commuting distance of Jerusalem and Tel Aviv.

But are the Settlements Legal?

The Fourth Geneva Convention (1949), article 49(6), states very clearly:

"The Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies."

This provision was written in reaction to the Nazi policy of establishing Aryan settlements to "Aryanize" occupied territory. As a strategy of demographic engineering, Israel's policy of "Judaization" mirrors this practice.

Although Israel has claimed that the Fourth Geneva Convention applies only to territories previously under the sovereignty of another country, the Geneva Convention itself makes no such distinction.

"My conclusion is that civilian settlement in the Administered Territories contradicts the express order of the Fourth Geneva Accord."

—T. Meron, Legal Advisor, Israeli Foreign Ministry,
in a memo to Prime Minister Levi Eshkol,
14 September 1967.

The UN Position

The United Nations has repeatedly affirmed that Israel's settlement policy violates the Geneva Accords and harms prospects for any peace settlement. Innumerable General Assembly resolutions have called for Israel to withdraw from the territories, and to remove the settlements. Security Council resolution 465, passed unani-

mously in 1980, called the settlement policy "a flagrant violation of the Fourth Geneva Convention" and "a serious obstruction to achieving a comprehensive, just and lasting peace in the Middle East."

The U.S. Position

Under the Carter administration, the U.S. government—together with the European Community—held that the settlements were illegal. In 1981, President Reagan retreated to the position that they are not illegal, but an "obstacle" to peace. Today, the U.S. State Department holds that, although the Fourth Geneva Convention does apply to Israel's occupation of the West Bank and Gaza Strip, the question of the settlements' legality is extraneous to the main point that they are "unhelpful" to peace. For political reasons, the question of legality is evaded.

However, the Bush administration has identified Israel's settlement policy as central to any potential peace resolution, and has clashed directly with Israel over such issues as U.S. housing loan guarantees and Soviet Jewish settlement in the territories.

And the Future?

The current Israeli government has repeatedly affirmed Israel's intention to hold on to the territories as an inseparable part of Israel. According to official policy, the settlements are being "thickened," the green line is being erased, and the Land of Israel is to extend to the Jordan River. The Palestinian population is to be limited to isolated enclaves, which—because of their economic dependence and political vulnerability—have often been compared by analysts to South African *bantustans*.

Palestinians are also being pressured to move to Jordan, which Prime Minister Yitzhak Shamir calls "the Palestinian state." Aside from the terrible human cost to the Palestinians, the prospect of a forced "transfer" of the Palestinians from Palestine threatens the stability of Jordan and of the entire Middle East.

The Palestinians see Israeli policy clearly, for it is practiced daily, on their lands. They recognize that, if the process continues, they will lose the only land they have left. The Jewish settlements represent Israel's intention to push them from the territories, and to deny them survival

and statehood in their own country. This causes anger, fear, desperation—and violent resistance. The conflict over the land is the basis of hostilities.

Prospects: Peace or War?

A stable peace settlement cannot entail the expulsion of the Palestinians from Palestine to another country. Despite the powerful influence of pan-Arab nationalism, the Palestinians are a distinct people with vital ties to their land and villages. Even 18th Century observers noted this fact, long before the current conflict. Forced "transfer," whether incremental or abrupt, will only lay the foundations for bitterness and hostility that would plague the Middle East for decades to come. This means the certainty of future wars.

As the world grapples with the implications and consequences of the Gulf war, recognition grows that the conflicts of the Middle East are interrelated and that persistent instability in the region threatens the entire world community. Iraq's scud missile attacks on Israel have dramatized that the Israeli-Palestinian dispute brings the danger of broader conflagration to any conflict in the region. The conflict must be resolved, both for international stability as well as the immediate human rights of the people on the ground.

In recent years, such as in the difficult case of Namibian decolonization, the United Nations has taken a new role in applying international law to resolve dangerous and difficult international conflicts. The UN may now provide the forum for a unified international effort, based on international law, to secure peace for all the peoples in the Middle East. Resolution of the land question is key to that peace.

AID-HUMAN RIGHTS

(By George Gedda, Associated Press writer)

WASHINGTON (AP) — A human rights group said today that the U.S. government has systematically provided military aid to countries with poor human rights records — a violation of U.S. law.

The report by the London-based Amnesty International said the administration and the Congress have ignored a legal provision that bars security assistance to countries which show a consistent pattern of gross human rights violations.

"The law has never been applied," the report said.

"Each year that the Congress and the administration fail to act, governments receiving security assistance who clearly meet this

definition are given the signal that the U.S. government cares more about its relationship with them than about the people who are so grossly abused," the report said.

Among countries with rights problems cited in the report were longtime U.S. friends such as Israel, Turkey, Guatemala and the Philippines.

The report does not recommend an outright suspension of military aid to any specific countries but says the United States should "seriously assess" its assistance to countries that fail to protect human rights.

A senior State Department official, speaking on condition of anonymity, disputed the report's allegation that the administration has ignored the law. The official noted that security assistance has been suspended in the recent past to Mauritania, Sudan, Equatorial Guinea, Thailand, Peru and Guatemala. In some cases, assistance resumed after conditions improved, the official said.

The report also analyzes the human rights record of selected countries which receive security assistance. Some examples:

Israeli-Occupied Territories -- Israeli authorities engage in torture and ill-treatment of Palestinians. There have been deaths in custody, extrajudicial killings, unfair trials and deportations. Israel receives \$1.8 billion in security assistance annually.

Jordan -- In Jordan, there exist incommunicado detention and unfair trials of political prisoners. There were new allegations of torture and ill-treatment but on a lesser scale than in previous years. No executions were known to have been carried out in 1992. Jordan is receiving \$9 million in military grants and \$2 million in military training in 1993.

Guatemala -- In almost two decades of military rule in Guatemala, thousands of deaths have resulted from "flagrant breaches of human rights. Arbitrary arrest, torture, 'disappearance' and political killings were everyday realities. ... The choice of victim and the manner in which the abuses have been carried out suggest the involvement of members of the official security forces." Guatemala is receiving \$400,000 for military training this year. (The report was written before the election Sunday of Ramiro de Leon Carpio, a noted human rights activist, as president.)

Turkey -- "Torture is widespread and systematic in Turkey, especially during the first few days of detention following arrest. Torture and ill-treatment continue to be routinely inflicted on political and criminal prisoners. Methods ... include beatings on the soles of the feet, electric shocks, hosing with cold water under pressure and being blindfolded and stripped naked." Turkey is receiving \$3.1 million for military training this year.

The Philippines -- A pattern of serious human rights violations and extrajudicial executions and "disappearances" have re-emerged in the Philippines. "Aspects of the government's counterinsurgency strategy have contributed significantly to these violations." In 1993, the Philippines is receiving \$15 million in military grants and \$2.3 million in military training.

This briefing paper is designed as an introduction to the question of Israeli settlements in the occupied territories of the West Bank and Gaza. While such a complex topic cannot be fully analyzed in this short space, we hope that this review will show how the settlement process forms a central issue in the Israeli-Palestinian conflict.

The current conflict over Palestine stretches back into the 19th century, and much of what is occurring today has its roots in that history. This history is often disputed, and its debate can even be used to divert attention from the immediate and pressing political and human rights questions. But the basic conflict, the struggle for the land, forms a continuum throughout the wars and turmoil in the region. To understand the problem of land is to understand the motives of both sides, and to put the multiple human rights and security questions into perspective. Much of Israel's policy toward the Palestinians is based on gaining control of the land. Palestinian resistance is based on retaining or regaining the land.

And a peace settlement rests on the struggle for the land.

We therefore present here key aspects of Israeli policy toward Palestinian land both inside the state of Israel and in the occupied territories, for the policies are essentially the same. In both cases, the settlements have the same function: to

fragment the Palestinian community with Jewish settler communities, and to "redeem" and "Judaize" the land (terms actually used in Israel) by increasing the resident Jewish population. As Israel establishes settlements to straddle and erase the "green line"—the border between Israel and the occupied territories—Israel's intention to extend its sovereignty over the territories becomes even more evident.

Israeli Jewish society is divided almost evenly over the contentious issue of territorial compromise with the Palestinians. In light of this genuine plurality, it does not behoove even Israel's staunchest allies to avoid this issue out of deference to official Israeli policy and government sensitivities. The ultimate stability of the region, and the basic human needs of the people for peace and security, are paramount. This historic opportunity must not be lost; courageous action is mandated.

It is our hope that, through recognition of the crucial importance of the land issue and the role which settlements play in the Israeli-Palestinian conflict, concerned organizations and individuals can better prepare and press for negotiations toward a truly stable and lasting peace in the region.

Virginia Tilley
Coordinator
Settlement Watch

the Only Effective Loan Provision:

A Settlement Freeze

It is almost impossible to trace Israeli spending on Jewish settlement in the occupied territories because money for settlement is channeled through private and quasi-governmental organizations as well as through numerous government ministries. Israel's settlement policy has in fact been constructed to operate privately, evading public scrutiny by concerned Israelis as well as by a concerned international community.

In the past, enforcement of international agreements with the Israeli government regarding settlement activity has proven difficult. Previous assurances to the U.S. by Israel that loan funds would not be spent in the occupied territories, have been openly and defiantly violated. Since enforcing restrictions on the intertwined and private funding relationships between the Israeli government and "private" settlement channels would be impossible without Israeli government cooperation, such restrictions would be an empty gesture at best.

Only a complete settlement freeze, embracing all construction and development, public and private, on Jewish settlement in the occupied territories, can ensure that such settlement is halted. Any loan conditioned on restrictions to Israeli government spending alone will permit continued settlement, and consequently the incremental annexation of the occupied territories and the destruction of the basis for a territorial compromise.

Israel's settlement policy is not a policy which can easily be set aside by the Shamir government, or by any Israeli government—and not only because of electoral pressure, such as placating extreme right-wing coalition partners. Rather, Israel's settlement policy is entrenched in the apparatus of the State. From Israel's earliest years, the Jewish Agency and World Zionist Organization have planned and administered the transfer of land from Palestinian to Jewish hands, controlling billions of dollars in assets and comprising a political power of their own. Their special role is tied into the very concept of a Jewish state, and is not easily challenged. It is unlikely that Israel will accept any restriction on their activities, or that such restrictions could be enforced.

It is time that the international community recognize the depth and seriousness of Israel's settlement policy in the occupied territories. It is a long-term strategy, institutionalized in a complex matrix of institutions sharing responsibility for planning and implementation. Funding, planning, security, construction and services are distributed through public and private agencies, all for one purpose: annexation of the occupied territories, in violation of international law.

— Virginia Tilley
Director
Settlement Watch

1993: DRIVING OUT EAST JERUSALEM PALESTINIANS ISRAEL'S RACIST CONTROL OF EAST JERUSALEM

June 5, 1993

As Palestinian residents of the Occupied Territories mark the beginning of their 27th year of living under Israeli military occupation, the Palestine Human Rights Information Center (PHRIC) makes special note of the human rights implications of the changing status in Jerusalem, wrought by the nine-week closure of the West Bank and Gaza and the division of East Jerusalem from the rest of the West Bank. In fact, Israel's erection of military roadblocks preventing West Bank Palestinians from entering Jerusalem effectively draws new borders and demonstrates its intentions to permanently annex the occupied city. This contravenes international resolutions and treaties proscribing the admission of territory by force, and defies the spirit of peace negotiations. Israel's focus on Jerusalem can be seen in the following review of major human rights violations in the city:

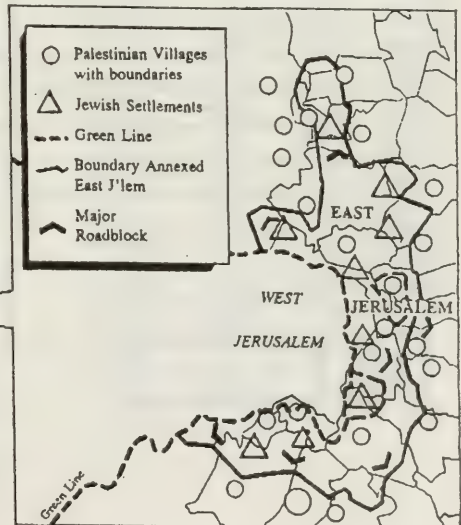
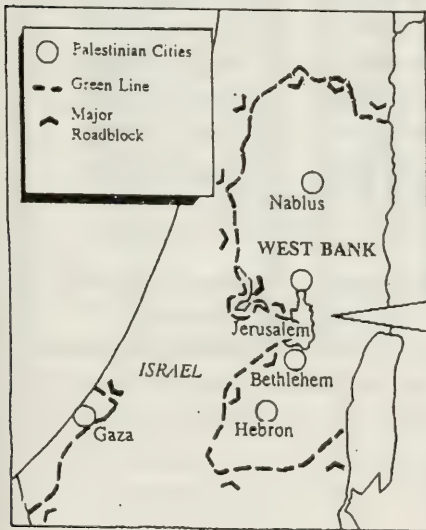
- **Colonialization:** 150,000 Israeli settlers now live in East Jerusalem in mostly government-subsidized housing, creating a Jewish majority there; half this number moved into the Arab part of the city since the Intifada. At least 28,000 dunums of Jerusalem land were confiscated from Arab owners (40% of their land) for Israeli settlements: Neve Yaacov, Ramot, Ramon Hanatsif, Gilo, Ramat Eshkol, Sanhedriya, Givat Hamivtar, French Hill, Pisgat Ze'ev, Maalot Dafna and Givat Hamatos. Palestinians are left with less than 9% of their land for building, however, an Israeli policy of denying construction permits to Palestinians prohibits any development.
- **Residency Refused:** Israel attempts to limit the number of Arab Jerusalemites by denying Jerusalem Palestinian men the right to confer Jerusalem residency on their immediate family except through a process of "family reunification," which usually is denied. Female Palestinians from Jerusalem cannot apply for residency for their spouses or children. The thousands of Jerusalem residents forced to live outside Jerusalem borders because of the housing shortage in the city are threatened with the loss of

their residency rights. West Bank residents with Jerusalem property likewise are vulnerable to property confiscation measures; they may not live in Jerusalem without special military permits, even if that is their present home.

- **Regional Center Denied:** Israel's policy, to de-Arabize East Jerusalem and separate it from the West Bank, undermines the importance of the city to Palestinians as a social, political and economic core of the West Bank; Jerusalem serves as a trade and transportation hub, vital health services center and central place of worship. Its economy is almost totally a service economy.

Since the Intifada:

- **Killings:** 48 Jerusalem residents, including 11 children, were killed (shot, beaten or teargassed) by Israeli security forces.
- **Homelessness:** 51 houses and one church were demolished for being built without a municipality-issued permit; dozens of houses were seized from their Palestinian owners on other legal pretexts.



Fact Sheet: KILLINGS BY ISRAELI SECURITY FORCES

• PHRIC has documented the killings of 1,230 Palestinians since the beginning of the Intifada, December 9, 1987, by high-velocity ammunition, metal-core rubber bullets, plastic bullets, rubber bullets, grenades, beatings and mistreatment, and excessive use of teargas. Killings of Palestinians for which the Israeli government bears full responsibility have been carried out by soldiers, Border Guards and police, intelligence agents, combination special forces (undercover units), prison officials, settlers and armed civilians, as well as Palestinian collaborators. During this period, 277 children, aged 16 or younger, have been shot dead by Israeli troops or agents.

Israel's standard regulations on the use of live ammunition has been expanded during the last five years to include firing on unarmed Palestinians if they are: masked, manning barricades, fleeing arrest, throwing stones, posing a threat to soldiers, appear to have a weapon, wanted by the authorities, or failing to obey an order to stop. Settlers are also permitted to open fire to protect their property. Armed Palestinians may be shot on sight, whether or not they are posing a threat to life. While the rules specify the open fire procedures as: 1) a call to halt, 2) shoot in the air to warn, 3) shoot at the legs of the person to halt them, 4) as a last resort shoot to kill if another life is in danger, these rules are usually violated. Violations are not investigated by the authorities, except in unusual cases, and few soldiers have been prosecuted by violating open fire orders. Even summary executions, where Palestinians have been wounded and then killed while lying injured, have been termed as per standing regulations. Since January 1991 Israeli undercover units, dressed in Arab disguise, have been responsible for a significant number of killings; the shootings have been undertaken by ambush, without warning, at close range and with excessive force (multiple gunshots in the head and upper torso). Since September 1992, Israel escalated its military operations in the Occupied Territories by using anti-tank missile fire to demolish Palestinian neighborhoods where wanted persons were suspected of hiding.

1. Palestinians Killed By Israeli Gunfire During the Intifada: By Region, Age and Agent.

	a. By Region		b. By Age: Children (16 or Younger)	c. By Agent: Undercover Units	
	Gaza	West Bank		GS	WB
1987	14	8	5	0	0
1988	72	213	53	5	3
1989	115	186	93	9	17
1990	53	90	35	5	6
1991	22	72	30	9	20
1992	48	64	27	13	30
1993 Through May	62	44	34	3	8
TOTAL	386	677	277	44	82
	1,063			126	
TOTAL KILLED	1,063 + 69 + 93 = 1,225				

2. Palestinians Killed By Israeli Forces, Other Means: By Age.

Beaten, Other Mistreatment (Number of which are Children)	Excessive Teargas (Number of which are Children)
0 (0)	6 (3)
33 (3)	59 (27)
19 (5)	14 (4)
9 (1)	10 (2)
3 (0)	2 (0)
4 (0)	1 (0)
1 (0)	1 (0)
69 (9)	93 (36)

PHRIC FIELDWORK

**PALESTINIAN CHILDREN, AGED 16 OR YOUNGER, KILLED BY
ISRAELI OCCUPATION FORCES
1993**

NAME/AGE	RESIDENCE	BY	NOTES ON CIRCUMSTANCES/INJURY	DATE
34. Ahmad Hassan Ali Kurdi, 11	Shate RC/GAZA	M	LA in head on May 16; shot by soldiers while playing with Mohammad Ghul; died in Tel Hashomer*	May 17
33. Mohammad Hussein Ghul, 12	Shate RC/GAZA	M	LA in head; shot by soldiers*	May 16
32. Faria Mohammad Kurdi, 20 months	Jaballa RC/GAZA	M	LA in chest; shot by army sniper while holding his father's hand*	May 16
31. Mohammed Salem Abu T'imah, 13	Shaboura RC/GAZA	M	1LA in abdomen; shot by army sniper*	May 12
30. Nizam Abdul Jawad Salameh, 16	Deir Dibwan/ RAMALLAH	M	1LA in chest; shot by soldiers during clashes*	May 8
29. Ala Abu Hindl, 5	Shate RC/GAZA	M	LA in abdomen; shot by army sniper*	May 6
28. Rami Hamed Abu Nahal, 12	Shate RC/GAZA	M	shot by soldiers*	April 28
27. Ibrahim Khaled Id-Dik, 15	Kufr Naameh/RAMALLAH	M	1LA in head; slashes in Ramallah*	April 28
26. Ahmad Nazmi Subeh Hamdan, 12	Khan Yunis/GAZA	M	LA in chest; slashes*	April 26
25. Wael Mohammad Sa'ed, 15	Sheikh Radwan/GAZA	M	1LA in head; shot during confrontations*	April 21
24. Mohammad Mahmoud Abu Shawiah, 16	Nusairat RC/GAZA	M	1LA in head; shot during confrontations*	April 21
23. Raeda Umar Abed Raboh Farre, 13	Bani Suhalla/GAZA	M	LA in head and eye; shot dead by soldiers while she was standing in front of her house*	April 8
22. Rafiq Dahla, 12	Jenin/JENIN			Mar 22
21. Mohammad Bassam Salhi, 10	Nusairat RC/GAZA	M	1 LA in eye; shot by undercover unit by mistake*	Mar 22
20. Mohammad Tawfiq Jirbawi, 12	Rafah/GAZA	M	1 LA in neck; shot by army while playing with toy* gun; mentally handicapped*	Mar 22
19. Salam Shouab, 12	Khan Yunis/GAZA	M	shot by army; LA in chest*	Mar 21
18. Maher Na'im Majayda, 10	Khan Yunis/GAZA	M	shot by army during confrontations*	Mar 20
17. Taleb Fares Hamadani, 16	Khan Yunis/GAZA	M	shot by army during confrontation*	Mar 20
16. Huda Ishaq Siyaj, 3	Khalil/KHALIL	M	1LA in back; shot by soldiers at roadblock while riding in her father's car; mistake; shot on March 13 and died in hospital	Mar 14
15. Taysir Jum'ah Abu Jalilur, 16	Nur Shams RC/ TULKARM	M	1LA in chest, shot by soldiers after stone-throwing	Mar 8
14. Mohammad Abdullah Mohammad Atash, 15	Tulkarm RC/TULKARM	M	shot by army*	Feb 21
13. Mahmoud Abdullah Mohammad Abu Sallam "Hweini," 15	Tulkarm RC/TULKARM	M	1LA in head; shot during raid on Dhannaba village by soldiers; army said disobeyed orders to halt	Feb 19
12. Ja'far Mohammad Salim Asrawi, 16	Alfar/TULKARM	M	2LA in abdomen at 3 meters; army said disobeyed orders to halt; shooting followed stone-throwing	Feb 18
11. Ghassan Abdul Hadi Ahmad Bargnouthi, 14	Kufr Ain/RAMALLAH	M	LA in head and abdomen	Feb 17
10. Amjad Mas'oud Hasan Masheqi, 15	Yassid/NABLUS	M	2LA in head at 600-700 meters; shot by soldiers as he tried to flee raid on village	Feb 14
9. Ahd Abdullh Mohammad Abed Diab, 15	Nusseirat RC/GAZA	M	30LA at 2 meters; masked; writing graffiti; shot by undercover soldiers	Feb 10
8. Basel Omar Jadallah Hourani, 15	Nusseirat RC/GAZA	M	30LA at 2 meters; shot by undercover soldiers	Feb 10
7. Ala'iddin Majed Aref Bani Odch, 14	Tamoun/JENIN	M	4LA in head, neck and shoulder; at 60 meters, then shot again at less than one meter; by undercover soldiers	Feb 3
6. Riad Khalil Abdul Nabi Mohammad Ali, 15	Shu'fat RC/JERUSALEM	M	2LA in neck and back at 100 meters; shot by Border Guards, random unexplained gunfire; under police investigation	Feb 7
5. Hayel Yusef Abu Mkhimer, 12	Khan Yunis/GAZA	M	1LA in head at 90 meters; shot by soldiers following stone-throwing in area	Jan 31
4. Liwa Rafiq Mohammad Bakroun, 13	Gaza/GAZA	S	1LA in chest at 10 meters; shot by settler after stone-throwing; did not give medical aid	Jan 19
3. Mazen Zaki Abdul Raouf Dababesh, 15	Shati RC/GAZA	M	1LA in back of head at 20 meters; returning home from school	Jan 17
2. Shereen Hussein Odeh Hussein, 10	Jabalya RC/GAZA	M	2LA in abdomen, leg at 30 meters; caught in clashes while returning home from school	Jan 16
1. Mohammad Ahmad Mahmoud Abdeen, 14	Khan Yunis/GAZA	M	2LA in chest at 30 meters; shot at random by army sniper during raid in town; 42 injured	Jan 14

LA = live ammunition

* Fieldwork not completed yet

**PALESTINIAN CHILDREN, AGED 16 OR YOUNGER, KILLED BY
ISRAELI OCCUPATION FORCES
1992**

DEATHS DUE TO DIRECT ISRAELI RESPONSIBILITY

PALESTINIANS KILLED: SHOT

NAME/AGE	RESIDENCE	BY	NOTES ON CIRCUMSTANCES/INJURY	DATE
1. Jalal Taleb Ahmad Sun'aliah, <u>11</u>	Ain Beir al-Ma' RC/ NABLUS	M	LA in neck; shot by mistake during raid	Feb 6
2. Hassan Mahmoud Hassan Ju'aimeh, <u>16</u>	Kift Harith/TULKARM	M	LA in head; 30 meters; shot randomly after stone-throwing in area	Mar 18
3. Mohammad Isma'il Abdul Salam Ja'aifreh, <u>14</u>	Tarqumia/KHALIL	M	2LA; first shot in leg, then at point blank range in chest; shot while fleeing raid by <u>undercover</u> soldiers	April 1 May 3
4. Majed Zuhdi Ahmad Nahhal, <u>13</u>	Jabalya RC/GAZA	M	1 PCMB in head; at 20 meters; stone-throwing clash with soldiers	May 4
5. Basem Abdul Hafeth Talai Awwad, <u>16</u>	Deir al-Balah/GAZA	M	LA in back; at 20 meters; random fire after stone-throwing clash with soldiers	May 8
6. Sadek Mohammad Ramadan Da'ana, <u>15</u>	Hebron/HEBRON	M	2LA in chest, abdomen; at 40-50 meters; stone-throwing; shot by soldiers and settlers using automatic weapon fire	17
7. Samer Na'im Sulciman Muwqadeh, <u>16</u>	Zawiyeh/TULKARM	M	3LA in chest, hand, leg; night raid by soldiers; June shot randomly outside his house; army alleged "knife attack"	June 17
8. Tal'at Ali Mohammad Wahab Jabarin, <u>14</u>	Dahriyyah/HEBRON	C	1LA in head; 2-3 meters; collaborator tried to kidnap another youth and residents intervened; three shot by collaborator on June 20; died in Makassed hospital	June 26
9. Abdul Mohsen Abdul Mu'ti Sa'id, <u>16</u>	Jabalya RC/GAZA	M	1LA in abdomen; injured on October 27, 1989, following stone-throwing clash with soldiers	July 3
10. Na'im Kamel Abu Ammoun, <u>3</u>	Khan Yunis/GAZA	M	4LA in back; travelling with family when car shot at by soldiers for no apparent reason; soldier later dismissed	July 24
11. Nur Iddin Sharif Aqqad, <u>15</u>	Khan Yunis/GAZA	M	7LA in neck, abdomen, back, legs; at 2 meters; ambushed by <u>undercover</u> units when masked and writing graffiti; fled into a house, pursued and shot; shot again on ground	July 27
12. Abdullah Ahmed Mahmoud Dibash, <u>16</u>	Yaabad/JENIN	M	11LA in head, chest, legs; shot at 5 meters, then at 3 meters; shot by <u>undercover</u> soldiers while fleeing	Sept 9
13. Ramez Abdul Afu As'ad Ammour, <u>15</u>	Anza/JENIN	M	3LA in abdomen and thigh at 400 meters; fleeing military patrol after youths threw an incendiary device at jeep	Oct 1
14. Anwar Shafiq Abdul Jalil M'tur, <u>16</u>	Sa'ir/KHALIL	M	LA in abdomen; chased and shot in schoolyard at close range; medical care delayed	Oct 2
15. Ziad Mahmoud Mohammad Dgheish, <u>16</u>	Nusserat RC/GAZA	M	1LA in chest at 40 meters; stone-throwing clash	Oct 11 Oct 12
16. Faraj Ziad Faraj Sousi, <u>13</u>	Gaza/GAZA	M	2LA in head at 15 meters; clashes at Red Cross sit-in on October 10; shot in head, then shot again at closer range, then beaten by Border Guards; medical care delayed; reported dead in Tel Hashomer hospital 2 days later	Oct 14
17. Taha'in Ahmad Mohammad Abu Shahmeh, <u>16</u>	Khan Yunis/GAZA	M	2LA in chest and hand at 20 meters; Border Guards opened fire randomly at protestors during curfew	

18.	Berhim Mohammed Abdul Hamid Ahmad Khlayel, <u>13</u>	Beit Unmar/KHALIL	M	ILA in abdomen at 4 meters; shot by Border Guards following raid on village; died in Beit Jala hospital	Nov 11
19.	Amjad Abdul Razzak Jabber, <u>12</u>	Samiramis/JERUSALEM	M	Cause of death unclear; eyewitnesses reported that <u>undercover</u> soldiers abducted boy after firing in area; official version: boy shot dead killed by soldiers; officer dismissed	Nov 23
20.	Amer Yousef Mustafa Abu Sharkh, <u>17</u>	Gaza/GAZA	M	ILA in chest at 25 meters; shopping with mother when shot by Border Guards in market	Dec 1
21.	Issam Jihad I'l'ayyan Barbah, <u>15</u>	Khan Yunis/GAZA	M	ILA in chest at 10 meters; shot by <u>undercover</u> soldiers	Dec 5
22.	Naji Abdul Karim Ahmad Abu Naja, <u>13</u>	Rafah/GAZA	M	Body riddled with bullets; shot at 10 meters by soldiers; allegedly threw molotov	Dec 8
23.	Naji Sha'ban Mohammad Najjar, <u>15</u>	Khan Yunis/GAZA	M	ILA in chest, pelvis at 40 meters; shot by soldiers	Dec 19
24.	Rana Tharwat Mohammad Abu Tuyour, <u>11</u> , (Female)	Khan Yunis/GAZA	M	ILA in back at 20 meters; shot by soldiers as she was buying milk	Dec 19
25.	Mohammad Salem Musallam Abu Musa, <u>16</u>	Khan Yunis/GAZA	M	ILA in abdomen at 300 meters; shot by soldiers	Dec 21
26.	Ayman Subhi Musa Abu Amer, <u>13</u>	Khan Yunis/GAZA	M	ILA in chest at 200 meters; playing in street; shot by soldiers	Dec 21
27.	Mohammad Hussein Ali Za'tar, <u>15</u>	Shate/GAZA	M	ILA at 50 meters in chest; shot by soldiers	Dec 26

OPEN FILE DEATHS (requiring further investigation: perpetrator, cause of death or exact circumstances of killing unknown, but official responsibility suspected)

NAME/AGE	RESIDENCE	NOTES ON CIRCUMSTANCES/INJURY	DATE
Abdul Karim Mahmoud Abdul Jalil, <u>11</u>	Tulkarm RC/TULKARM	Run over by settler's car	Nov 16
Ibrahim Taleb Mohammed Abu Jamal, <u>4</u>	Gaza/GAZA	Run over by military vehicle	Oct 8
Nida's Abdul Ghaffar Mohammed Hirbawi, <u>9</u>	Khalil/KHALIL	Run over by settler's car	Oct 5
Amad Taiseer Ibrahim Abboushi, <u>14</u>	Jenin/JENIN	ILA in chest; 10 meters; another youth shot; army said stabbing death due to "internal clashes"	April 25
Mohammad Abdullah Hafidh Abu Hassan, <u>9</u>	Tamoun/JENIN	Large explosion while grazing sheep with his father	April 9
Fadi Mohammed Zidan I'mur, <u>11</u>	Khan Yunis/GAZA	Run over by military jeep on way to school	Mar 17

**PALESTINIAN CHILDREN KILLED BY ISRAELI OCCUPATION FORCES, SETTLERS,
CIVILIANS AND COLLABORATORS DURING THE FOURTH YEAR
OF THE UPRISING**

January 1, 1991 through December 31, 1991

DEATHS DUE TO DIRECT ISRAELI RESPONSIBILITY

PALESTINIAN CHILDREN KILLED; SHOT

	NAME/AGE	RESIDENCE	BY	NOTES ON CIRCUMSTANCES/INJURY	DATE
1.	Bilal Rateb Kamal Sadeq, 16	Awara/NABLUS	M	LA in neck; watching Patah demonstrations in Rujib	Jan 1
2.	Mohammad Salim Shawan, 16	Khan Yunis/GAZA	M	3LA in chest from 4 meters; undercover soldiers; masked and writing graffiti;	Jan 3
3.	Wa'el Mahmoud Shobaki, 14	Fara's RC/NABLUS	M	LA in head; on roof watching demonstration	Jan 5
4.	Jassem Jaber Hamad, 15	Birah/RAMALLAH	M	LA in chest; clashes in Ramallah; fleeing	Jan 14
5.	Mohammad Nu'man Abu Sneh, 15	KHALIL	M	2LA in head on Jan 15; clashes after assassination of Abu Iyad	Jan 15
6.	Bassam Issa Ghrouz, 11	Dheishah RC/BETHLEHEM	M	LA in chest, neck; outside house during curfew	Feb 10
7.	Ayad Mohammad Abdullah Odeh, 14	Tamoun/JENIN	M	4LA in neck and torso; crossing to Jordan	Feb 14
8.	Salam Jalal Mustah, 14	Belt Schour/ BETHLEHEM	S	LA in head through window of house	Feb 18
9.	Wissam Jaber Abdullah Batta, 15	Hijra/TULKARM	M	LA in abdomen and foot; clashes	Feb 18
10.	Izzat Badr Hazaza, 13	Yata/KHALIL	M	2LA in neck, side from 200 meters; clashes during curfew	Feb 22
11.	Atiyeh Khader Abdullah Ja'far, 15	Shujaiyeh/GAZA	M	LA in head; clashes on Mar 17; died in Tel Hashomer hospital	Mar 24
12.	Sa'Id Odeh Abu Murr, 16	Rafah/GAZA	M	LA in head; demonstration; shot from 150 m.	Mar 25
13.	Mahmoud Mohammad Salim Ilayyan, 13	Fara's RC/NABLUS	M	LA in forehead; observing clashes	Apr 5
14.	Mohammad Yusuf Mohammad Haroub, 15	Dura/KHALIL	M	LA in chest; raid and clashes	Apr 5
15.	Amr Harb Sabbar, 13	Birah/RAMALLAH	S/M	LA in chest; shot from Israeli bus	Apr 15
16.	Nidal Marwan Ahmad Einabouni, 12	NABLUS	M	LA in head on April 24; clashes; passerby; died in Ramallah hospital	May 1
17.	Ayman Jabbar Najjar, 15	Rafah RC/GAZA	M	LA in neck; clashes; injured on Apr 6; died in Shifa hospital	May 5
18.	Anan Mohammad Fares Zaidan, 16	Tulkarm RC/TULKARM	M	LA in head; masked and writing graffiti; fleeing;	May 6
19.	Ahmad Hassan Ahmed Sha'lan, 14	Old Askar RC/NABLUS	M	2LA in back; probably random	May 10
20.	Hussein Yusuf Abu Yusuf, 15	Nusseirat RC/GAZA	C	LA heart; grenade shrapnel; clash with armed collaborators	May 30
21.	Ibrahim Mohammad Hilmi Abu Sa'fieh, 13	Belt Shra/RAMALLAH	M	2LA in neck and chest; apparent execution	June 11
22.	Iyad Mohammad Ahmad Zawaya, 16	Zawaya/NABLUS	S	2LA in head by gasoline truck guard on June 12; died in Maqassed hospital	June 16
23.	Sagar Azzem Aa'ad Na'aan, 14	Mgheir/RAMALLAH	M	LA in heart; raid and clashes	June 25
24.	Hani Mustafa Obeldi, 16	JENIN	M	3LA in chest, abdomen, leg; later taken from operating room; deliberate denial of medical care	July 13
25.	Raed Shukri Jallad, 16	TULKARM	M	3LA; masked; medical care delayed	Aug 10
26.	Jamil Ali Jamil Houshiyeh, 15	Qetanna/RAMALLAH	M	4LA in head, neck; undercover unit	Sept 23
27.	Rami Abdel Latif Iqtifan, 10	Sheikh Radwan/GAZA	M	LA in head, walking in street; army sniper; injured Sept. 26; army "mistake"	Sept 29
28.	Mohammed Bashir Salim Hindl, 10	Shata RC/GAZA	M	LA in head; wilful killing by border guard after stone-throwing	Oct 6
29.	Mohammad Ayyoub Zayed Jamal Rajabi, 15	KHALIL	M	LA in leg at 2 m., then in head by undercover soldiers	Oct 29
30.	Mohammad Ahmad Sukkar, 15	Azzoun/TULKARM	C	LA chest; clash between villagers and collaborators	Nov 18

CCINGO (Jerusalem)

Co-ordinating Committee of International NGOs

2 June 1993

THE ECONOMIC IMPACT OF THE ISRAELI MILITARY CLOSURE OF THE PALESTINIAN WEST BANK AND GAZA STRIP

Palestinians throughout the Occupied Territory including East Jerusalem are suffering deepening hardship as a result of the continued military closure of the West Bank and Gaza Strip from Jerusalem and Israel. As noted in CCINGO's statement of April 7, the longer this closure goes on the more profound its implications. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) now warns that the poorest sectors of society cannot feed themselves.

The closure is a *de facto* separation of the Occupied Palestinian Territory into four areas (the north and south of the West Bank, East Jerusalem and the Gaza Strip) affecting every sector of the Palestinian economy. The internal Palestinian economy depends largely on East Jerusalem, the commercial hub and transit center of the Occupied Territory. The economy requires free movement throughout the Occupied Territory and free access to the bridges into Jordan including from the Gaza Strip.

While Palestinian produce has always been effectively prevented from competing with Israeli produce in Israel, Israel continues to use the Occupied Territory as a dumping ground for excess Israeli produce. This lowers prices and so undermines Palestinian production and employment. By using the West Bank and Gaza Strip as contained areas of disenfranchised and cheap labor and as a captive market for Israeli produce, successive Israeli governments have effected acute dependence of the Palestinian economy on that of Israel.

WAGE LABOR IN ISRAEL

- * The economy in the Occupied Territory outside Jerusalem creates an average of 1,000 new jobs annually. The annual increase in the labor force is 15,000. The majority of these leave the country while most of the rest seek work in Israel. The lack of work opportunities for Palestinians in the Gulf states has left them with no alternatives.
- * Before the siege an estimated 130,000 Palestinians worked as cheap daily labor in Israel. Their income constituted 30-35% of the GNP of the West Bank and 50% of the Gaza Strip. According to UNRWA, the West Bank faces a daily loss of \$2 million and the Gaza Strip \$75,000 in wages alone.
- * Work for Palestinians in Israel is mainly seasonal. With its increased demand for agricultural and construction work, this time of year is usually a period of relatively high employment. The figures given may therefore underestimate the loss in wages caused by the current closure.
- * The loss in wages from Israel is indicated by the shortage of the Shekel (NIS). The fact that the Jordanian Dinar (JD) is being more widely used in the West Bank is an indicator that the population is relying on its already depleted savings. The price of the JD has fallen from 4.2 NIS to 3.9 NIS.

Income generation in all sectors within the Occupied Palestinian Territory has been severely threatened by the closure:

AGRICULTURE

The agricultural sector accounts for 25% of Palestinian GNP and 35% of Palestinian employment. The closure bars Palestinian produce from its markets in East Jerusalem while the lack of access to East Jerusalem as a transit point disables the movement of goods between the north and south of the West Bank. Gazan produce is prevented from reaching the West Bank. This causes gluts and collapsing prices for farmers in some areas and shortages and drastically inflated prices in others.

- * Prices of fruit and vegetables such as tomatoes, aubergines, cucumbers and potatoes have fallen by 70-90% in the Gaza Strip, northern West Bank and Jordan Valley.
- * The seasonal sardine catch in Gaza is fetching 1 NIS (\$0.35) a kilo compared with 7 NIS (\$2.50) last year.
- * The price of Gazan strawberries, of which 3-3.5 tons used to be exported daily, fell from 3 NIS (\$1.09) per kilo to 5 agorot (1.8 cents) within the first two weeks of the closure.
- * The Palestinian Agricultural Relief Committees note the hardships caused to hundreds of truck drivers and their families by the blockage of the seasonal export of Gazan citrus fruits across the bridges into Jordan.
- * Farmers in the northern West Bank are leaving crops unharvested and rotting in the fields because prices are so low in the area. At the same time prices in the southern West Bank town of Hebron, where few vegetables are grown, are twice those in the north yet shortages remain because of the prohibitively high transport costs caused by the closure.
- * The two million chicks, 7,000 cows and other fodder dependent animals are at risk because local fodder factories are being denied raw materials while the import of fodder is itself prevented. Increases in meat prices and increased dependence on Israeli produce is anticipated.

Many farmers were already indebted before the closure, having already invested in plastic greenhouses, seeds and other inputs for next year's crop. With their movements restricted and financial resources limited, farmers are unable to obtain the necessary seeds, fertilizers and pesticides for the next harvest.

INDUSTRY

- * The industrial sector accounts for some 20% of Palestinian employment.
- * Reduced purchasing power so far threatens 25% of industrial jobs.
- * Both the food processing and hardware industries are currently running at only 45% capacity.
- * Sub-contractors to Israeli firms, mainly in clothing and textiles, account for around 15% of industrial production in the Occupied Palestinian Territories. They are dependent on Israeli capital and their raw materials are imported from Israel. As their produce is exclusively for export to Israel they are particularly badly hit by the closure.

TRANSPORT

- * Before the closure there were 87 bus companies and 473 buses running 175 routes linking the West Bank with Jerusalem.
- * The Hebron Bus Company, which normally runs 38 buses between Hebron and Jerusalem, is running at 7% of normal capacity and is close to shutting down.
- * The Beit Sahour Bus Company says it lost \$55,000 in the first 45 days of the closure. It usually runs 11 buses to Jerusalem, none of which is running now.
- * 1000 jobs in this sector are currently under threat in the West Bank alone.

Increased transport costs are affecting all sectors of the economy as well as health. Ramallah to Hebron via Jerusalem cost 8 NIS before the closure. Now it is a four hour journey on a difficult road costing 20 NIS. Because Palestinian service (shared) taxis are prevented from entering Jerusalem, those few passengers allowed to do so must pay for a second taxi inside the checkpoints. The cost of travelling from Ramallah to Jerusalem has consequently doubled to 4 NIS.

FOOD AND ASSET SALES

Merchants report drastic reductions in trade. The drop in demand for foodstuffs is particularly worrying:

- * According to informal surveys carried out by UNRWA, red meat sales in the West Bank may be down by as much as 70% overall and 90% in the border areas.
- * Aggregate food sales apart from rice, flour and lentils are down by 50-70% in the West Bank.

With savings depleted following the Gulf Crisis, many Palestinians are selling off what assets they have:

- * Jewellers and moneychangers report that offers to sell personal jewelry have risen from an average of a 3 or 4 a month to 5 or 6 a day. In the Gaza Strip, prices of second hand cars have plummeted as the market has been flooded.

HEALTH

According to UNICEF and UNRWA the continued closure will result in decreased nutrition standards and an increase in psychological stress. UNICEF notes that all populations are likely to be increasingly at risk of malnutrition "unless the economic decline is reversed, or effective food distribution organized to families and the unemployed."

As the threat to the ability to buy food becomes more pressing, urgent health care is marginalized:

- * The Union of Palestinian Medical Relief Committees reports a decline in the number of visitors to health clinics. The cost of a consultation at one of UPMRC's village clinics is 4 NIS (\$1.45). Even this, which does not include the costs of drugs or laboratory tests, is prohibitive for many.
- * Before the closure subsidized and exempted cases accounted for 5% of UPMRC's patients. Since the closure the figure has jumped to over 25% in the West Bank. In the Gaza Strip all UPMRC services are free of charge. Even with free treatment some families are precluded from health care because of increased transport costs.

According to UNICEF, the decline in the quality of diet resulting from the decreased purchasing power caused by the continued closure "will tend to exacerbate the existing problem of anaemia among both Palestinian children and mothers" which UNICEF currently estimates at around 50% for both infants and pregnant women. UNICEF notes that childhood anaemia is known to "retard cognitive development, impair physical activity, encourage growth failure and reduce resistance to disease."

CCINGO notes with alarm the urgent need to end the closure of the West Bank and Gaza Strip.

Israeli leaders are debating a permanent closure and initiating various schemes, including bringing in foreign, student and prisoner labor, to replace Palestinian workers.

The closure is in flagrant violation of international law in that:

- * The denial of access for Palestinians from the West Bank and Gaza Strip to East Jerusalem is predicated on the illegal Israeli annexation of East Jerusalem.
- * The closure constitutes a breach of Israel's duty as an occupying power to balance its legitimate security interests against the imperative of safeguarding the welfare of the population under occupation. The head of the International Committee of the Red Cross has specifically condemned the closure as a collective punishment and therefore in violation of the Fourth Geneva Convention.

CCINGO appeals to all states party to the Fourth Geneva Convention of 1949 and to all organizations and individuals to act to ensure that Israel fulfills its legal responsibilities as the occupying power.

The information provided here is redundant unless acted upon. Please use whatever power or influence you have.

May 17, 1993

ISRAEL INTENSIFIES VIOLATIONS OF PALESTINIAN RIGHT TO RELIGIOUS FREEDOM

Palestinians are being denied access to their most important holy places as a result of Israel's continued military closure of the Palestinian East Jerusalem to Palestinians in the West Bank and Gaza Strip.

Al-Aqsa Mosque in the Old City in East Jerusalem is the third holiest shrine in Islam and attracts huge numbers of worshippers for Friday prayers. The Church of the Holy Sepulchre is the holiest site in Christendom for the Orthodox Christians who constitute the majority of Palestinian Christians. The Islamic Waqf and Christian Patriarchies have their headquarters in East Jerusalem.

Religious freedom is a basic human right upheld under international law. The Fourth Geneva Convention, which Israel has signed and which is designed to protect people under occupation, specifically demands respect for religious convictions and practices (Article 27). Palestinians, Muslim and Christian alike, suffer the daily brutality of an illegal military occupation. The enforced separation of Jerusalem and its holy sites from Palestinians in the rest of the Occupied Territory is a serious intensification of the longstanding Israeli policy of abuse of Palestinians' legal and human rights.

The Israeli government's action is severely disrupting major religious festivals. In two weeks time Muslims will celebrate *Id Al-Adha* (Festival of Sacrifice) one of the two most important Islamic festivals. In their efforts to commemorate Easter, their most important festival, Palestinian Orthodox Christians (around 35,000 of the estimated 50,000 Christians in East Jerusalem, the West Bank and Gaza Strip) endured teargas, sound bombs and beatings from Israeli soldiers.

The Israeli policy of violating Palestinian religious rights is not new. Throughout the 26 year occupation Palestinian holy sites have been repeatedly desecrated and vandalised both by the Israeli military and settlers. At Al-Aqsa Israeli forces injured 40 worshippers on January 15, 1988, and murdered 21 and injured another 150 on October 8, 1990. The mosque itself was damaged by arson on August 21, 1969.

In contrast, successive Israeli governments have 'protected' the Jewish right to worship to the point of impinging upon the rights of Palestinians on Palestinian land. Every year during the Jewish festivals of *Pessach* (Passover) and Yom Kippur, Israeli forces prevent Palestinians in the West Bank and Gaza Strip reaching Palestinian East Jerusalem. Near Bethlehem, access to Rachel's Tomb, sacred to Muslims, Christians and Jews, is permanently reserved for Jews and tourists and is constantly guarded by occupying soldiers.

The Israeli government is using the current closure not only to prevent Palestinians reaching Jerusalem but as a tool with which to reinforce Prime Minister Yitzhak Rabin's 'Iron Fist' policy which shows scant regard for Palestinian religious or other basic human rights.

Al-Haq, the West Bank affiliate of the International Commission of Jurists, has documented many instances of Israeli violations of holy places between January and April 1993. For example, on 13 January the Israeli military stormed Salah-ed-Din Mosque in Kabatia near Jenin, damaging contents. On 17 January Al-Tawfiq Mosque in Bier Nabala, near Ramallah, was raided by Israeli forces. Magazines were confiscated and the Imam was summoned for interrogation. At 4 a.m. on 17 February Israeli forces announced through loudspeakers their

intention to enter Nabi Mousa Mosque in the West Bank which was serving as a drug rehabilitation centre for 65 people. The centre was then issued with a six-month closure order. Occupying forces stormed Abu Jayyash Mosque in Dura, West Bank on 5 April. They damaged contents and stole 40 books. On 15 April Israeli forces attacked a group of young men among the residents of Abood, Ramallah, celebrating Easter at the Greek Orthodox Church.

On 30 March settlers from Neve Dekalim in the Gaza Strip set fire to the nearby Al-Aqad Mosque in Khan Younis causing about 20,000 Shekels' (\$7,500) worth of damage. The Israeli Defence Forces have confirmed that settlers were the arsonists but are yet to charge anyone with the offence.

Israeli forces searched 11 mosques in the Gaza Strip during April alone. On the night of 27 April residents of Abbasan Kbira village were ordered from their homes following the imposition of the nightly curfew and forced to dig holes in the floor of their mosque (Gaza Centre for Rights and Law and Palestinian Lawyers for Human Rights).

The Israeli government denied Christian Palestinians access to the Church of the Holy Sepulchre in Jerusalem over Easter despite an appeal to the Israeli High Court by the Arab Orthodox Committee.

On Good Friday, 120 Muslim and Christian leaders from the Bethlehem area took part in a peace march. At the military checkpoint at Tantur they were harassed by armed settlers and, after the military governor refused them entry to Jerusalem, were teargassed by the Israeli military.

The Sabt an-Noor, or Holy Light, symbolising the resurrection of Christ, is annually carried, candle to candle, from the Church of the Holy Sepulchre to Christians throughout the world. This year the Israeli police disrupted the ceremony at the Church of the Holy Sepulchre using sprays to put out worshippers candles.

A group of 500 Christians from the Bethlehem area, who usually receive the Holy Light at Mar Elias monastery a few metres beyond the military checkpoint were this year teargassed before reaching the checkpoint. A man who went to the soldiers seeking protection from the gas for his 1 year old daughter was beaten while still carrying her. He was then pushed to the ground, kicked and beaten with rifle-butts and arrested.

In nearby Beit Jala the Israeli military fired teargas into the Easter crowd and live ammunition at the Santa Maria Church. One of those arrested was handcuffed to the back of a military jeep and paraded through the town.

CCINGO demands that the Israeli government respect the right of Palestinians to free movement in their own land, including East Jerusalem, and that it immediately lift the siege of the West Bank and Gaza Strip.

The Israeli government's prevention of free access to Jerusalem and its holy places for all the people in mandate Palestine is in direct contravention of international law as guaranteed by several UN resolutions.

CCINGO demands that all UN member states and signatories to the Fourth Geneva Convention act upon their moral and legal duty to compel the Israeli government to halt its illegal military closure of the West Bank and Gaza Strip and to respect the religious rights of Palestinians under occupation.

If you care about the issues raised here, please do something.

This information is redundant unless it is acted upon. That means you lobbying your members of parliament, especially relevant ministers, passing this information on to as many organisations and individuals as possible and doing whatever else you can think of to highlight what is happening here.

Please let us know how you use this material, where it goes and what you think is most and least useful.

Finally, those of you who have E-Mail numbers, please let us know. We'll have one soon

SINS characterized them as "economic" refugees who are only out for gold and land, and therefore are not eligible for asylum. The Powwow Department agreed, saying, "If we let them in, we'd have to let in all of Europe! The immigrants are taking all our buffalo, and there's a teepee shortage. Let's face it: with the recession, there's a limit to how much wampum there is to go around." Advocates reminded the government that the ancestors of the Sioux originally came from Asia many moons ago, and that therefore this nation was built by immigrants.

One candidate running for Chief, however, Pat "Hunting Bear" Buchanan, questioned what would become of the country if unlimited numbers of Caucasians were allowed in. "I think the Great Spirit made all people good," he said, "but if we had to take in a million immigrants next year, which group would be easier to assimilate and would cause fewer problems—Englishmen or Asians?" Chief George "Running Bull" Bush also supported the repatriations, saying that the government has to get tough on all this immigration business, at least until the elections are over.¹ □

10. State Dept. Extends Passport Restrictions for Travel to Lebanon and Iraq

The State Department has extended for another year the restriction on the use of U.S. passports for travel to, in, or through Lebanon. That action was originally taken in January 1987 in view of the fact that U.S. travelers in Lebanon were not considered safe from terrorist acts. It has been extended every year.² The State Department notes that while there has been some improvement in the security situation in Lebanon, and the U.S. hostages have been released, Lebanon continues to be unsafe. .

Accordingly, all U.S. passports will remain invalid for travel to Lebanon unless specifically validated for such travel. The ban will expire in a year unless extended or revoked earlier.

In addition, the State Department has also extended for another year restrictions on the use of U.S. passports for travel to, in, or through Iraq. The

use of passports for travel to both Iraq and Kuwait was restricted in February 1991 in light of the Persian Gulf War.³ With the cessation of hostilities, the restriction on passports for travel to Kuwait was lifted in March 1991.⁴ The restrictions on Iraq continued.

In light of the continued hostile relations between the U.S. and Iraq, the State Department has extended the restrictions for another year. The only exceptions are for U.S. citizens who were residing in Iraq on February 1, 1991, or for U.S. journalists on assignment in that country.

A notice announcing the recent extension for Lebanon was published in 57 Fed. Reg. 5925–26 (Feb. 18, 1992). The notice regarding Iraq was published in 57 Fed. Reg. 6762 (Feb. 27, 1992). Both notices are reproduced in Appendix III. □

11. State Dept. Instructs on Visa Waiver Pilot Program Signatory Carriers

The following is the text of a January 27, 1992 State Department cable (no. 92–State–025452) sent to all diplomatic and consular posts:

Subject: Visa Waiver Pilot Program:
Signatory Carrier Requirement

Ref: (A) 91 State 371092 (B) 91 State 270775⁵

1. Instances have recently been brought to the Department's attention in which aliens traveling to the U.S. on a non-signatory carrier were told by a U.S. consular office that they were eligible to travel under the VWPP [Visa Waiver Pilot Program]. Federal Express Corporation (FedEx), for example, has detailed a number of cases in which it was assessed a fine by INS for transporting FedEx employees on a FedEx plane without the necessary visa because, although FedEx is not a signatory carrier to the VWPP, the FedEx employees were advised by a consular office that they could travel under the VWPP.

3 See *id.*

4 See 68 Interpreter Releases 350 (Mar. 25, 1991).

5 Editors' Note: This cable, also known as ALDAC No. 39, is reproduced in 68 Interpreter Releases 1123 (Aug. 30, 1991).

1 Happy April Fool's Day.

2 For last year's extension, see 68 Interpreter Releases 224, 234 (Feb. 25, 1991).

[From the Washington Post, April 9, 1993]

EMBATTLED SOUTH SUDANESE PASS ALONG ANXIETIES TO RARE VISITORS

(By Jennifer Parmelee)

JUBA, Sudan—The young wood-worker with a brilliant smile and a metal crucifix dangling on a cord around his neck is eager to get the attention of a rare foreign visitor to the market.

He pulls a hand-carved cane from a rack and points out the elegant Arabic script inscribed on the handle. One side reads, "Sudan is No. 1." The other, "Islam is No. 1."

"This sells very well," he says. "The Muslims are the strong ones here now. If I put one with a cross, I might have a problem."

"You're a Christian, aren't you?" he asks, looking around carefully to make sure no one is listening. "For us Christians, the weather is very difficult."

"The friendly exchange does not last long. A government security man rounds the corner and spots the foreigner. As he approaches, the young artisan switches to a more general patter. "You see how nice this wood is," he notes. "It is very hard to come by these days, like many products. You see, we have been cut off by the fighting for so long. . . . Anyways, I will give you a good price."

Until recently, this city deep in southern Sudan has been cut off from regular supplies of consumer goods as well as international scrutiny.

Juba has been the site of some of the ugliest scenes of the 10-year-old civil war between northern and southern Sudan.

The government portrays the civil war as a simple power struggle, denying the pronounced ethnic and religious features of a war waged by the mostly Muslim and Arab north against the largely animist, Christian and black African south.

Juba, although close to Sudan's southern border, is under governmental control. Its population has been ambivalent about the radical leadership of the guerrilla force battling the government. For the last eight months, after the government ordered foreigners to leave Juba, the outside world has heard only an occasional plea for help.

Now, as part of an "open-door policy" and concerted effort to win back the West's approval, Khartoum's Islamic fundamentalist government

is allowing select foreign visitors a look at the city. But the foreigners are kept under the vigilance of government security men.

The United Nations' emergency relief coordinator, Undersecretary General Jan Eliasson of Sweden, was the first foreigner to return to Juba last September. He secured an agreement in principle to allow U.N. staff to live in the city again. But the accord has yet to be honored in practice.

Visiting journalists are outnumbered by their government minders nearly 2 to 1. Hurried and hushed conversations out of earshot of the security men suggest a city cowed into uncomfortable silence.

"Juba's still a very sensitive subject," said a Western diplomat in the capital, Khartoum, in northern Sudan. "There are a lot of open wounds."

Last June and July, antigovernment rebels of the Sudanese People's Liberation Army laid siege to Juba with artillery and threatened to shoot down U.N. relief planes carrying desperately needed food to the city's 350,000 people. The airlift was suspended for nearly two months, causing death rates to soar as it was virtually impossible to smuggle food across rebel lines.

Twice, the rebels were on the verge of capturing Juba, allegedly penetrating far enough to massacre hundreds of northern army officers in the barracks where they slept. Western officials who spoke to survivors of the siege say the rebels would have taken Juba if they had had the support of the population. The Western sources cited the poor human rights record of longtime guerrilla leader John Garang as a reason that most residents did not side with the rebels.

In July and August, as the rebel army was pushed back, allegedly amid government reprisals, foreigners were ordered out. According to human rights groups, settlements outside the city were burned, leaving thousands homeless; hundreds were rounded up in security sweeps, including at least 100 southern soldiers who remain missing, and summary executions were frequent.

Christian churches and the inter-

national aid community allegedly were targeted because of what the government army charged was collaboration with the enemy. According to reports, three relief workers, two of them local employees for the U.S. Agency for International Development, were summarily executed. Two other AID local employees and two U.N. workers are still missing, and several priests were jailed, reports said.

In hearings of the U.N. Human Rights Commission on March 10 in Geneva, U.S. delegate Kenneth Blackwell accused the Sudanese government of a "reign of terror" in Juba that allegedly included hundreds of executions. Sudan's representative in Geneva, Justice Minister Abdullaziz Shiddo, rejected the charges as "totally untrue."

The Sudanese government also denies it has subjected Christians in the south to harsh treatment, as the Roman Catholic Church and other sources have maintained. The rebels accuse Khartoum of a campaign of forced Islamization against the south. The government denies that charge, too, but frequently has announced mobilizations in the name of jihad, or Islamic holy war.

Anecdotal evidence collected during a two-day, government-guided tour of Juba indicates that tensions between Christians and Muslims run high.

At a camp for displaced people, seven journalists scattered in seven directions to allow some of them to break away from their government security escorts.

In one tent, a Radio France journalist interviewed on tape a refugee who asked, "Why doesn't America come and rescue the Christians and the pagans? They go even to Somalia, but they are leaving us in the south to be taken by the north. This war is between Christians and Muslims, and we want the world to see!"

The man fell silent when government escorts materialized and jotted down his name.

At St. Teresa Roman Catholic Church, which allegedly has lost two priests to arrests without charge over the last seven months, a parishioner said relations with the government had improved somewhat. He

traced the partial thaw to October, when the last artillery shells fell on Juba from rebel positions outside the city.

"We haven't had the trouble we used to in bringing in the sacramental wine" for use during Mass, the man said, referring to problems some church officials have reported

in importing alcohol, frowned upon by Islamic authorities.

Journalists were told in whispers at the Church that official harassment of Christians has continued, including the drive to force Islamic attire on girls at church schools such as St. Teresa's.

At the Juba headquarters of UNICEF, a program officer told the jour-

nalists about UNICEF feeding programs, saying that, thanks to the resumption of a U.N. airlift, serious malnutrition rates among displaced children had declined from 20 percent in September to 12 percent in December. He also noted that the road from Juba to Torit, a former rebel stronghold, was open and UNICEF hoped to start a program there.

[From the Washington Times, June 9, 1993]

HOUSE PANEL PASSES AID FOR BOSNIAN MUSLIMS

The House Foreign Affairs Committee yesterday passed a reauthorization of a \$9.7 billion foreign aid bill that allows President Clinton to send \$200 million in arms to Bosnian Muslims.

After an hourlong debate on the crisis in Bosnia-Herzegovina, the committee voted 24-15 to approve the Bosnian provision, which was an amendment introduced by Rep. Henry Hyde, Illinois Republican.

Rep. Benjamin A. Gilman of New York, the committee's ranking Republican, said the provision should send an "important signal to Serbia," which has ignored international calls to end its aggression in Bosnia.

The measure would void an international arms embargo against the war-torn former Yugoslav republic.

[From the New York Times International, April 4, 1993]

U.S. PANEL WARNS SERBS BUT TAKES NO MORE STEPS

(By Paul Lewis)

UNITED NATIONS, April 3 -- Meeting in emergency session today, the Security Council called on Bosnia's Serbs to lift their siege of the eastern town of Srebrenica and condemned the local Serbian commander in the strongest language for barring deliveries of aid to the 60,000 civilians stranded there.

But the Council showed no inclination to accept a recommendation by a senior United Nations official that it send in an armed force to take over the area or evacuate the Muslim town, which would leave it to the Serbs and thus contributing to "ethnic cleansing."

Instead, the Council demanded that the Serbs allow humanitarian aid into Srebrenica and asked the United Nations to send in more peacekeepers and use all its resources to "reinforce the existing humanitarian operations in the Republic of Bosnia and Herzegovina."

New Sanctions Expected

Diplomats said the latest Serbian provocation, which comes only a day after Bosnian Serbs rejected the peace plan for the country, and the Council's subsequent out-pace may make it more likely that Friends of Bosnia-U.S. leaders will agree to support tougher trade sanctions against what remains of Yugoslavia. The Council is planning to vote Tuesday on a range of new sanctions in the hope these will persuade Belgrade to compel the Bosnian Serbs to make peace.

But there have been doubts about whether President Yeltsin would support the move while he is locked in a power struggle with extreme nationalists in Parliament, who support the Serbian cause because of Russia's ethnic and cultural ties with the Serbs.

The decision to bar the relief trucks bound for Srebrenica represents a further hardening of the Serbian position. Last month, the Bosnian Serbs released and allowed three relief convoys into the town.

In a letter sent to the Secretary General on Friday night, the United Nations High Commissioner for Refugees, Sadako Ogata, who is coordinating relief efforts throughout the former Yugoslavia, said General Ratko Mladic, the commander of the Bosnian Serbs, has ordered that no more relief convoys be allowed into Srebrenica but that the United Nations be allowed to send in empty trucks to evacuate its inhabitants.

Mrs. Ogata said this is forcing the United Nations to choose between helping the Serbs complete the "ethnic cleansing" of eastern Bosnia by removing Srebrenica's Muslims or abandoning them to their fate.

In her letter, Mrs. Ogata said the United Nations faces two options: "If we are to save the lives of the people trapped in Srebrenica."

The organization could accept the risk of getting into a military firefight with the Serbs by sending in peacekeeping troops to turn the Srebrenica enclave into a United Nations protect-

ed area and then "injecting life-sustaining assistance on a scale much greater than being permitted at the moment."

Evacuation an Option

Alternatively, it could swallow its principles and organize a large-scale evacuation of the endangered population of Srebrenica "even though this would amount to contributing to the Serbian goal of ethnic cleansing."

The United Nations currently has some 7,500 peacekeeping troops, most of them British, French, Egyptian and Canadian, in Bosnia. The peacekeepers mostly organize and protect the distribution of relief supplies to civilians isolated by the fighting.

Although these troops have the right to use force to accomplish their mission, in practice they are not willing to fight the Serbian forces, who outnumber them and are better-armed. Diplomats said the United Nations will make renewed efforts to get into Srebrenica, but that the military is still not willing to fight the Serbs.

In her letter Mrs. Ogata points a horrifying picture of the plight of the inhabitants of Srebrenica, saying the population has swollen from 6,000 before the war to between 20,000 and 30,000 today with another 30,000 people in the surrounding area.

[From the Cyprus Mail, May 23, 1993]

SLAUGHTER OF THE INNOCENTS

(By Paul Theodoulou)

TWO THURSDAYS ago, a number of newspapers carried a photograph of a event in the village of Silwan in occupied east Jerusalem.

It showed Palestinian landowner Jumaa Ruweidi lying prostrate on the ground after he had been badly beaten by Jewish settlers who wanted to erect a fence on his property. Standing over him was an armed Israeli border guard, who grinned sardonically down at the victim. In the background a number of Palestinian women look helplessly on.

In so far as such scenes are daily occurrences in the occupied territories, the photo was unremarkable. But if ever a single image encapsulated the vile reality of the Israeli occupation — the violent theft of land by Jewish settlers, the complicity of the Israeli military, the suffering and despair of the Palestinian population — that photo did so.

Daily that occupation becomes more vile, if possible. Israeli soldiers and paramilitary police are killing more Palestinian children than ever before. On Tuesday, the Israeli human rights group B'Tselem sent a letter to Prime Minister Yitzhak Rabin warning him of a record increase in the number of children being shot dead by Israeli forces in the occupied territories.

The letter was prompted by the killing of one-year-old Fares al-Kaduri, shot dead by an Israeli soldier in the Gaza Strip last Sunday. The toddler was standing in a shop doorway next to his father when an Israeli officer fired at them. The bullet tore open the infant's chest. B'Tselem said Kaduri was 34th Palestinian child under the age of 16 to be killed by the army since the start of the sixth year of the intifada on December 9, 1992.

"This is a peak in the number of children killed during the same period during all other years of the intifada," B'Tselem said.

It said a total 221 children had been killed since the beginning of the intifada in 1987. "The death of the toddler Fares al-Kaduri is not out of the ordinary. It constitutes a continuation of the rise in the number of Palestinians killed by security forces in general, and the number of children killed in particular," B'Tselem said.

This mounting slaughter of the innocents is the most obscene aspect of the Israeli occupation. Israel's apologists will quibble at the word "innocents", saying most of the children and older Palestinians killed by the occupation forces were shot while they were throwing stones. The toddler Fares al-Kaduri certainly wasn't throwing stones when his

young life was snuffed out. But in any case, we must wonder at the moral blindness which can see death as an appropriate or just penalty for stone-throwing.

The Ulster situation makes an instructive comparison in this regard. Oddly enough, it's a case often invoked by Israeli sympathisers to deflect criticism, particularly from British quarters, of Israeli behaviour in the occupied territories. "Oddly", because the comparison is wholly to Israel's disadvantage. Israelis say they need no lecture from Britons on human rights abuses because in the occupied territories Israel faces its own Ulster situation and is "containing" the "unrest" there by methods similar to those Britain uses in Northern Ireland.

I have no wish to defend Britain's presence in Ulster per se. But British military conduct in the province is a beacon of humane and enlightened soldiering compared to the savage excesses of Israel's army in the West Bank and Gaza Strip.

The British army doesn't gun down stone-throwers in Ulster. It has taken the time and trouble to develop non-lethal methods of crowd control. Its troops are equipped with riot shields, batons and visored helmets. They are backed up by water cannon. They fire rubber bullets in the first resort and, unlike Israeli soldiers, only use live ammunition when their lives really are in danger.

Israeli troops are not equipped to disperse protesters in a non-lethal fashion. Their first resort is the gun. Any clash between protesters and Israeli forces routinely produces a couple of civilian dead and a score or two wounded. Palestinian hospitals are packed with youths suffering the most fearful gunshot wounds, frequently requiring the amputation of a leg or arm. The troops simply fire into the crowd.

During the intifada, Israel has progressively relaxed its already inadequate guidelines for opening fire to the extent that soldiers may gun down protesters with impunity.

In the 26 years of the occupation and the six years of the intifada, Israel hasn't troubled to equip or train its troops to contain "riots" or protests with minimum force.

The reason for this omission is simple: Israel holds Palestinian life cheap.

Such facts make sermons like that delivered by US Secretary of State Warren Christopher on Tuesday difficult to stomach. Warren urged the parties to the Middle East peace talks to "get serious" about negotiations,

warning that the US didn't have unlimited time to devote to the problem and might divert its efforts to crises elsewhere.

No one is better apprised than the Palestinians of the desperate need for peace: they are the ones who are being crushed underfoot by a brutal occupation.

But they are blocked by an Israel which seeks to maintain that occupation under a

different name ("autonomy"), and by a United States whose funds, arms and diplomatic backing enable Israel to continue occupying Palestinian land.

The US is directly implicated in the Israeli occupation. Christopher's stance of disinterested "honest broker" is a sham. He should direct his moral lectures at the oppressors, not the oppressed.

[From the Washington Post, June 8, 1993]

SANCTIONS, SADDAM WEARING IRAQIS DOWN

(By Caryle Murphy)

BAGHDAD, Iraq, June 7—Shortly after sundown one night last week, the skies of this capital were streaked with anti-aircraft tracer bullets as people screamed in the streets below and gunfire erupted. At this time Baghdad residents were rejoicing, not cowering.

The Iraqi soccer team had just beaten China in an elimination round in nearby Jordan, qualifying for the semifinals in the competition to win a place in the 1994 World Cup games in the United States.

"Maybe the Iraqi team will go to the United States—with a picture of Saddam Hussein," said Baghdad taxi driver Yussef Askar, giggling at the thought of the Iraqi leader's picture gracing an American soccer field.

For Iraq's government, the national team's success is a new way of showing its ability to cope under U.N. economic sanctions and Iraq's international isolation. For ordinary Iraqis, it offers a way to forget temporarily the growing hardships they suffer because of that defiant stance.

Two years and three months after the end of the Persian Gulf War, the sanctions are steadily wearing down the standard of living for most Iraqis, and Saddam has tightened his grip. As a result, Iraqis are stretching to make ends meet and keep quiet in the face of a confident and assertive government.

"People don't think about democracy or freedom. They think just

about food," a civil servant said.

That's the way he wants it," he added, referring to Saddam, "so people can't do anything. People are not thinking about tomorrow. They can do nothing. There is no one to lead them. No one can get him out. No one. Even if the Americans landed in Baghdad, they couldn't remove him."

"It's worse" than two years ago, said another Iraqi, who, like many, schemes daily about how to get his teenage son out of the country. "There is despair. Frankly and honestly, the people are now waiting and looking for a bloody, dark future."

The government's political resilience is reflected in the self-confidence of senior officials these days, which has not gone unnoticed by ordinary people. "They don't worry about tomorrow. They seem self-confident," said a housewife who had been complaining about food prices.

It is also reflected on state television. Recently, the news showed Saddam, dressed in a straw cowboy hat and vest, visiting homes to inspect what families had in their refrigerators and urging them to keep the country clean. And Iraqis, many of whom cannot afford the black-market price of sugar, also watched as he cut a gigantic cake for his 56th birthday last month. This shot was aired with another of Saddam riding in what was described as a pure gold, horse-drawn chariot—a

gift from his palace staff members.

The soccer team is under the supervision of Uday Saddam Hussein, son of the Iraqi leader and chairman of the Iraqi Olympic Committee. He also runs a new radio station, whose format includes Western rock music and listener complaints about the government. In addition, he has a newspaper, and, by many accounts, one of the most lucrative sanctions-busting trades: imported cigarettes.

The government has apparently found funds to start a new missile development program—limited to missiles with a range of less than 93 miles by U.N. restrictions—and to build a new two-level bridge across the Tigris River in Baghdad. "This shows the regime's indifference to the people's suffering," an Iraqi said as he pointed to the bridge. "It's an extravagance. Really, people are angry about it."

Meanwhile, the government's five-month-old attempt to get the Clinton administration to take a more conciliatory posture toward Iraq continues, despite no success so far. There have been few personal attacks on Clinton in the Iraqi media, although last week Uday Saddam Hussein's newspaper called him a "liar and opportunist"—mild terms compared to what Iraq's press used to call president George Bush.

There also have been no major swipes at U.S. planes flying over Iraq. Harassment of U.N. weapons teams—one of which is now in Iraq—has decreased, and most diplomats here say a military offensive to regain control of Kurdish territory in northern Iraq is not likely for the time being.

"Since the end of January, they continue the same policy: no confrontation," a diplomat here said. "They will not do anything to spoil the possibility of a change in American policy. For the time being, they still believe there is a chance for reconciliation and normalization with the United States and they don't want to lose that opportunity."

"We don't look at [Clinton] personally, we look at his policy," In-

formation Minister Hamad Yussef Hammadi said in an interview. "He's definitely different from Mr. Bush. . . . That man was obsessed. . . . Some people say he had Saddamphobia."

Asked if he thought Iraq could become another Cuba in U.S. foreign policy, consigned to decades of enmity and sanctions, Hammadi replied: "I don't expect that, although we are ready for that kind of situation. This depends on the American administration. We would like to have sanctions lifted as soon as possible, or even eased, because I think the U.S. administration and others will not gain from these sanctions."

But if the United States "insists that the sanctions must continue in order to starve the Iraqi people into changing their government, I think they will not succeed."

Hammadi said his government does not rule out the possibility of future U.S. military action against Iraq. But he added that the United States should learn from Iraq's ability to rebuild its infrastructure after the last war that "if you want to destroy the country again, you've got to have another Desert Storm and you must bear all the political consequences that result from such a storm, not only in Iraq, but in the whole area."

Meanwhile, as the political stalemate between Washington and Baghdad continues, the situation for Iraqis has gotten worse. Foreign news broadcasts in Arabic are again being jammed; there are no foreign newspapers or magazines; and exit visas require a 15,000 dinar fee—about \$218 for those who have dollars to trade, but well beyond the means of anyone who does not. While government rations cover 7 percent of most citizens' basic food needs, inflation soars weekly, and medicines are getting scarcer.

Iraqis meet life's little woes with a combination of patience, ingenuity and humor. "I haven't had a drink of fresh milk for a year," lamented one teenager.

"We don't have any matches in the hotel," room service told a disbelieving guest. "It's real. I'm not

joking." At the same hotel, no desert is available, the old cash register is breaking down, and the elevator sometimes gets stuck. "It's the problem with the spare parts said the Iraqi hotel manager in English, stuck, along with two Americans, in the sauna-like heat of a stalled elevator.

About the only cheap item left in Iraq is gas. One taxi driver said he can now fill up his tank for less than he pays for a bottle of clean water.

And one day recently, Iraqi television aired a feature on the local meat and chicken industries, apparently trying to convince viewers that the government is doing something to get these scarce goods to the market. Afterward, the television ran a contest, asking questions such as, "When was this meat industry started?"

They showed the two top prizes a refrigerator and an oven.

[From the Guardian, January 15, 1992]

THE SILENT WAR IN IRAQ

(By Elisabeth Benjamin)

Con the anniversary of the Gulf war, the suffering of Iraq's 18 million people goes on unabated. In 1991, at least 100,000 children under the age of five died from the delayed effects of war. These children are the invisible victims of the most vicious military operation in human history: the starving and escalating human costs of the continued United Nations sanctions on their people. War could not have been waged more effectively against the children of Iraq. Under the military rationale of eliminating Iraq's command and control centers, the multinational forces systematically destroyed the country's power grid. Without electricity, the public health system grinds to a halt. The water system, driven by electricity, cannot run purification operations or pump water for community use. Sewage cannot be processed. The predictable result is the unchecked spread of water-borne communicable diseases.

Not surprisingly, this chain of events is killing the most vulnerable and most innocent members of Iraqi society—children, pregnant women and the poor. In their zeal to expunge the Ba'athist regime, the U.S.-led forces succeeded in alienating by one laudable achievement—a public health delivery system preferable in many respects to our own. (In prewar Iraq, over 90 percent of the population had free, unlimited health care.)

A public health specialist, I visited Iraqi hospitals, health centers and private residences as a delegate of the Harvard Study Team in April 1991 and on the International Study Team last September. Together, these teams of public health specialists, physicians, epidemiologists, engineers, economists, child psychologists and human rights lawyers had unprecedented and virtually unlimited access to children, adults throughout Iraq. (The sole exception was Basrah, which we visited immediately after the 50th anniversary of the city's fall. In that city, we were escorted by government officials.) Our interviews and the data we compiled comprise the only comprehensive survey of the war's catastrophic effects on Iraqi society.

We have lived to three deaths a day now. Normally, at this time we might have as many as two to three deaths per week. There are many causes for these deaths: gastroenteritis, typhoid, meningitis, dehydration and malnutrition. If the child has gastroenteritis and malnutrition (she or he) has a much higher chance of dying than before. We started to see the malnutrition mainly after the war. There is no water or only bad water. People are poor. It costs eight to nine dinars for a tin of baby milk (almost \$60), before it was less than one dinar.

Dr. Bahalah, Chief Resident
Sulaimanyah Pediatric Hospital

If we see the health of Iraqi children in the light of children I had seen among famine victims in the Philippines and India, in Iraq, a relative by nearby standards, I was astounded by the sight of children dying from cholera, typhoid and hepatitis. Many suffered from gastroenteritis, an affliction that causes slow death by dehydration. The suffering is compounded by the malnutrition—evidenced by sunken eyes, wrinkled skin and abnormally low weight. That I now found in at least a third of the children. Scarcity and poverty inflation have made the price of a month's supply of baby formula higher than the monthly salary of a government clerk. In short, these children are dying from "Third World" diseases. Countless children under the age of five are

victimised by the continuing effects of the "sanctions" strike; smart bombs are blunt instruments.

I used to weigh 50 kilos [110 pounds], now I weigh only 35 kilos [77 pounds]. My legs, all, in seven months old. He has had polio, diarrhoea and vomiting for 10 days. The doctors tell me that he weighs only three and three-quarters kilos [eight and one-quarter pounds]... that he is severely malnourished and may die.

I'm a clerk in the Agriculture Department... I had to run after tanks with the other women in the neighborhood just to get some water. We didn't know what to do with it—whether to drink it or not—because we weren't sure if it was clean. We couldn't bathe for a whole month at the beginning of the bombing. For a week, maybe 10 days, when the Kurds captured Kirkuk—we didn't see a drop of water. There was a swimming pool full of dirty water. We had to drink it. How could we live? There was no oil.

Prof. Ibrahim

Professor of All Branches, patient in Kirkuk Pediatric Hospital

Hard data collected by our two study teams corroborate these grim statistics. We inspected 79 hospitals and 12 community health centers in nearly every district of Iraq. In each hospital we conducted water disease-prevalence and nutrition studies, interviewed staff. By doctors, department heads and physicians, and analyzed medical and hospital records. Unsurprisingly, death rates have increased by a factor of two to three over the past year. Owing to water shortages created by the UN embargo, most facilities lack such basic medical supplies as antibiotics, syringes, vaccines and antiseptics. These strained health facilities, operating at a fraction of their sophisticated prewar capacity, cannot satisfy the increased demand.

Sanitation was poor in nearly every hospital we visited, due to lack of water and cleaning supplies. At several hospitals I saw raw sewage backed into the wards. The water supply to most hospitals remains sporadic at best. In a hospital in a slum of southern Baghdad, 90 percent were grossly polluted with coliform bacteria, indicating fecal contamination. Comparable results were documented in the north. More than half of the houses hold drinking water (rainwater, sampled throughout Iraq was similarly contaminated).

We've had many deaths because of lack of medicine. We've had no aspirin for four months. It's the first time we've seen patients die because there is a lack of any drug. We've not been able to do lab tests for two months. Even my own child I got his booster vaccine, there was no electricity to keep them stable.

The water we use for oral rehydration therapy (to cure the diarrhoeal dehydration) is contaminated, of course. Our hospital's water is drawn from a polluted well in back. We heat it in the dryer, but it doesn't boil the water anyway.

Today I had a patient who for two months she didn't get any milk. She was only four months old. Poor people, they don't get anything.

Dr. Ghaleb

Chief Resident, Kirkuk Pediatric Hospital

... Iraq's countrywide southern hospital survey of over 18,000 had children short for two months. Estimated rate has reached 80 per 1,000 babies, twice previous UNICEF estimates, with

at least one-third of the children in the study groups born malnourished.

As of September, food prices had increased 1,500-2,000 percent over prewar levels. The price of rationing agencies covers less than half of an Iraqi family's nutritional needs, leaving poor families especially vulnerable to malnutrition and disease. Jean Dreier, an economist from the London School of Economics and a member of the International Study Team, estimates that the incidence of poverty in Iraq is now greater than in India. In this stark picture we found numerous stories of women being forced to sell their precious gold bridal jewelry, handed down across generations, in order to buy a sack of flour.

One plant you bombed on the first day of the war, some missiles hit down on the generating units. After that it could not rebuild the plant for many months—electricity was finished. But the plants kept coming again and again. Ten days later, they bombed everything, the generating units, electric substation, water treatment plant, fuel station, ambulance station building, control room, even the bomb shelter. Why they did this in Iraq? Don't they know how much they hurt the people?

Senior Maintenance Engineer
Falkirk Power Plant

The damage to electric power generation and distribution profoundly affected the electricity-dependent public health infrastructure. Our engineers found that the bombing had interrupted or destroyed more than 95 percent of Iraq's prewar installed capacity of 9,500 megawatts. Most major stations were bombed on the first day of the war. Nearly all stations were hit many times over, well after they had stopped producing any electricity. By September 1991, Iraqi engineers had restored 32 percent of the prewar electrical generation capacity. Since the UN embargo makes spare parts unavailable, restoration is limited by the supply of salvageable parts from facilities damaged beyond repair.

Our team's goal was not to position the objectives of the U.S.-led forces, political and military policy, but to supply a dispassionate assessment of its impact on Iraqi civilians. The results are staggering: up to 100,000 children dead, one-third of the children malnourished, hundreds of thousands of children displaced, an individualized economy reduced to Third World desperation. Moreover, these catastrophes are perpetuated annually by a world community unwilling to acknowledge by negotiation what it couldn't achieve through war.

In late September 1990, President Bush and 10 other heads of state attended a heavily publicized UNICEF-hosted World Summit on Children that strongly endorsed the Convention on the Rights of the Child. This convention was signed or ratified by 134 countries in less than a year's time—faster than any other human rights treaty in history.

The convention imposes a duty on signing parties to take appropriate measures to ensure the recovery and integration of child victims of armed conflicts. That is the moral affirmation that the suffering of children is not to be an instrument of state policy. And since such suffering is unavoidable, states have an affirmative duty to remedy it expeditiously.

Currently, only two of the Gulf's six combatants refuse to sign the children's rights convention: Iraq and the United States. Meanwhile, the children of Iraq suffer, starve and die.

CLASS: REFUGEE, H/N

TAGS: OTRA, CASC, ASEC

SUBJECT: TRAVEL ADVISORY - JORDAN - CAUTION

1. THE DEPARTMENT OF STATE ADVISES U.S. CITIZENS THAT BECAUSE OF LONG-STANDING POLITICAL TENSIONS IN THE AREA, U.S. CITIZENS SHOULD EXERCISE REASONABLE CAUTION WHEN TRAVELING IN JORDAN.

2. ALL U.S.-JORDANIAN DUAL NATIONAL MALES UNDER THE AGE OF THIRTY-SEVEN ARE SUBJECT TO CONSCRIPTION IN THE JORDANIAN MILITARY. THOSE SUBJECT TO CONSCRIPTION MAY BE PREVENTED FROM LEAVING JORDAN UNTIL AN EXEMPTION OR POSTPONEMENT IS ARRANGED, OR MILITARY SERVICE IS COMPLETED. EXEMPTIONS ARE GIVEN TO THOSE WHO DO NOT MEET MEDICAL STANDARDS AND TO ONLY SONS. INDIVIDUALS HAVE THE OPTION OF PAYING A LARGE FEE (ABOUT 6000 DOLLARS) IN LIEU OF COMPLETING TWO YEARS OF MILITARY SERVICE. THOSE WHO ARE NOT EXEMPTED FROM MILITARY SERVICE MAY SEEK A POSTPONEMENT OF SERVICE, AND MAY REQUEST PERMISSION TO LEAVE JORDAN FOR ONE TRIP ONLY. THIS PERMISSION IS OFTEN GRANTED TO U.S. CITIZENS, BUT MAY TAKE SOME TIME TO OBTAIN.

3. U.S. CITIZENS ARE WARNED THAT AIRLINE FLIGHTS TO AND FROM AMMAN MAY MAKE PUBLISHED OR UNPUBLISHED INTERMEDIATE STOPS IN BEIRUT, LEBANON. U.S. CITIZENS SHOULD NOT BOARD THESE FLIGHTS BECAUSE U.S. PASSPORTS ARE INVALID FOR TRAVEL TO, IN, OR THROUGH LEBANON AND MAY NOT BE USED FOR THAT PURPOSE UNLESS A SPECIAL VALIDATION IS OBTAINED. THIS PROHIBITION EXISTS BECAUSE THE SITUATION IN LEBANON IS SO DANGEROUS THAT NO U.S. CITIZEN CAN BE CONSIDERED TOTALLY SAFE FROM TERRORIST ACTS. USE OF A U.S. PASSPORT FOR TRAVEL TO, IN OR THROUGH LEBANON MAY CONSTITUTE A VIOLATION OF 18 USC 1544, AND BE PUNISHABLE BY A FINE AND/OR IMPRISONMENT.

4. U.S. CITIZENS IN JORDAN ARE ENCOURAGED TO CONTACT THE U.S. EMBASSY TO REGISTER THEIR PRESENCE AND RECEIVE AN UPDATE ON THE CURRENT SITUATION. THE EMBASSY IS LOCATED ON CIRCLE ROAD IN JABEL AMMAN, TELEPHONE (962) (6) 644-371.

5. REVIEW DATE: OCTOBER 30, 1992.

6. THIS REPLACES THE PREVIOUS TRAVEL ADVISORY DATED OCTOBER 12, 1991, TO ADVISE OF THE POSSIBILITY OF CONSCRIPTION FOR U.S.-JORDANIAN DUAL NATIONAL MALES.

DEPARTMENT OF STATE BUREAU OF CONSULAR AFFAIRS
TRAVEL WARNING FOR THE COUNTRY OF LEBANON
DATED JANUARY 8, 1993 AND RELEASED JANUARY 13, 1993
SR-13-01-E page# 1

dest=dos,forpolus,ssd,leb,mideast,preguilf,terr
data

The Department of State warns all US citizens against travel to Lebanon. The situation in Lebanon is so dangerous that no US citizen can be considered safe from terrorist acts. While all of the remaining American hostages have been released, the organizations which abducted them continue to operate within the country. Due to extremely limited staff and heightened security, the US Embassy in Beirut cannot perform normal consular functions. Additional details can be found in the Department of State's consular information sheet on Lebanon.

No. 93-004

This replaces the Department of State travel advisory warning dated December 20, 1991.

STATEMENT OF THOMAS DINE, EXECUTIVE DIRECTOR, AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE

Mr. DINE. Madam Chairman, I come before this subcommittee today in strong support of President Clinton's request for \$3 billion in economic and military aid to Israel, that nation's lifeline, of which more than 80 percent is spent in the United States.

Indeed, the absolute amount of our aid to Israel is substantial. But it is, comparatively, one of the most cost-effective investments that the United States makes in support of its international interests.

Madam Chairman, the annual \$3 billion to Israel has come to symbolize the immutable ability of the United States-Israel alliance. It has signaled to Israelis and Arabs alike that the relationship is rock-solid, transcending even serious personal rifts among the leaders of the two countries. A change in United States aid to Israel would undermine the peace process, because it would weaken domestic support in Israel for the current Government's forthcoming peace policy, encourage the Arabs to seek United States pressure on Israel for unilateral concessions as a substitute for give-and-take negotiations, and erode Israel's national security.

The constancy of the United States-Israel relationship, and I might add, the constancy of the United States-Egyptian relationship, and the warming of the Israeli-Egyptian diplomatic political relationship is indispensable for the peace process.

On one hand, while Israel is of course engaged in the process for its own sake, it can only take risks for peace if it is confident of unwavering United States backing and assistance for its security. On the other hand, only an unshakable United States-Israel link can persuade the Arabs that the United States will neither deliver Israel, nor allow them to attack it, leaving them no other option but to engage in serious give-and-take negotiations.

Any change in the \$3 billion would demonstrate to the Israeli public, without whose support no Israeli concessions are possible, that for all its forthcoming peace proposals and success in restoring good personal ties with Washington, the current Israeli Government is unable to preserve the United States aid level which its predecessor had managed to maintain for 7 years in a row. That would be particularly harmful to the present Government, which has already been exposed to severe domestic challenges because of its forward-leaning peace policies.

A change in aid levels would also erode Israel's qualitative military edge, without which the Israelis cannot seriously consider taking risks for peace. At a time of inflation and deep cuts in its defense budget, Israel needs to develop an answer to the emerging threat of Iranian missiles equipped with unconventional warheads, on top of constantly upgrading its defenses against the conventional attack by rapidly growing Arab armies.

Even with the full United States aid package, Israel would find the preservation of its security a daunting challenge. And last night, our Defense Secretary, Les Aspin, said in a speech that in the post-cold war period Israel faces two major new threats besides the conventional ones; he said, of knives and missiles.

Madam Chairman, the deep, broad-based partnership between the United States and Israel continues to flourish. Shared values

is at the center of the relationship. The democratic elections in Israel which led to the peaceful transfer of power from the governing party to its most bitter rival, an occurrence unknown in the Arab World, have served to remind us of the extent to which the Israelis share our most fundamental values.

A new era is dawning, that holds great promise for both countries and bodes well for the future of United States-Israel relations. For the first time in over four decades, there is real promise in a negotiating process which could bring an end to the state of war that has existed between Israel and its Arab neighbors. The United States was instrumental in creating the process, and will be instrumental in its ultimate success.

PREPARED STATEMENT

As Israel takes risks inherent in any such negotiation, it is imperative that the United States remain steadfast in its support for the Jewish State. And this subcommittee, by voting for \$3 billion in military and economic assistance to Israel in fiscal year 1994—and, I add, \$2.1 billion to Egypt—will be helping to ensure that steadfastness and strength which have always worked to the benefit of the United States and Israel. Thank you.

Senator FEINSTEIN. Thank you.

[The statement follows:]

STATEMENT OF THOMAS A. DINE

Thank you, Chairman Leaby and members of this distinguished Subcommittee, for the opportunity to testify before you. Appearing with me is Ester Kurz, the American Israel Public Affairs Committee's Legislative Director. AIPAC believes in the critical importance of U.S. relations with Israel, and recognizes the prominent role that foreign aid plays in accomplishing America's foreign policy objectives not only in Israel but around the world. In that regard, I want to express AIPAC's strong support for a viable foreign assistance program.

AIPAC, a domestic membership organization of American citizens, works on a daily basis with its members to foster a close and consistently strong partnership between our country and Israel. On our Executive Committee sit the presidents of the 50 major American Jewish organizations, representing more than four-and-a-half million active members throughout the United States, as well as leaders of the country's pro-Israel community from all 50 states.

Since I last testified before this distinguished Subcommittee almost a year ago, the Arab-Israeli peace process has moved forward and Israel's representative democracy has changed the country's political outlook. The new Israeli government, set up following last year's Labor Party victory in the June 23rd elections, immediately embarked on a new course. Prime Minister Yitzhak Rabin's highest priority is to invigorate the peace process. Among other far-reaching steps, Rabin froze new settlement construction in the territories; excluded annexation as an option for the permanent settlement in the territories; offered the Palestinians general elections with international monitoring -- including by U.S. Members of Congress -- for an interim self-governing authority; offered, for the first time, legislative and executive powers to that authority; proposed, also for the first time, *a territorial dimension in the form of Palestinian management of more than half the lands in the territories during the interim period*; and committed Israel to a withdrawal on the Golan in return for peace with Syria. Consequently, the U.S.-brokered bilateral talks between Israel and its neighbors moved from discussing procedural issues to negotiating substance. I believe in 1993 we will see real progress toward resolving the Arab-Israeli conflict; I welcome the Administration's statement in its FY 1994 Preliminary International Affairs Budget: "The search for peace in the Middle East... is one of the Clinton Administration's highest foreign policy priorities... To this end, this budget reflects the Administration's unshakable commitment to Israel's security and to preserving its qualitative edge."

Another positive development since I last testified has been the dramatic improvement in the U.S.-Israel relationship. Although the underpinning of those vital relations remained intact, serious strains developed between the Bush Administration and the Likud government. Within weeks of Rabin's assumption of the prime ministership, the two heads of government met in Kennebunkport; a spectacular amelioration in the relationship took place. Among the most important manifestations of the change was Congressional approval, with the Administration's blessing, of U.S. loan guarantees for the absorption of immigrants in Israel. The passage of this program was one of Congress' most stirring humanitarian acts in recent memory. I want to convey special thanks to you, Mr. Chairman, and the members of this Subcommittee for expeditiously approving the loan guarantee legislation. It is already starting to have a positive impact on the level and condition of Jewish immigration to Israel from the former Soviet Union, the former Yugoslavia, and Ethiopia. As attested by Secretary of State Warren Christopher's skillful handling -- in close coordination with Israel -- of the Hamas militants' removal to Lebanon, it is already clear that the Clinton Administration is determined to improve the U.S.-Israel relationship even further. The more the Arab negotiating parties are convinced that the United States cannot be decoupled from Israel, the more likely they are to negotiate with Israel seriously rather than wait for Washington to "deliver" Israel through pressure for unilateral concessions.

These positive changes, which have turned the Middle East into a safer place than it was just one year ago, were made possible largely through America's leadership. The destruction of Iraq's offensive military capability as a result of the Gulf war has bolstered the security of the region, and the subsequent peace process has reduced regional tensions. But Israel cannot afford to relax its defenses. Not only does Iraq, which is certain to replenish its arsenal over the next few years, remain a long-term threat, but Iran has embarked on a massive rearmament program, including the development of nuclear weapons, and the Syrian military has emerged as an even more dangerous foe than it was prior to the Gulf crisis. Simultaneously with its engagement in the peace process, Damascus is investing its \$3 billion Gulf windfall in massive arms purchases from Russia and other eastern European countries, and has taken delivery of sophisticated Scud-C missiles from North Korea which can reach any point in Israel. To counter these threats, Israel will need continued U.S. aid.

Israel, which acceded to U.S. requests not to respond to the 39 Iraqi Scud missiles fired at its main civilian population centers in 1991, suffered heavy psychological and economic losses during the Gulf crisis. The government and people of Israel were deeply appreciative of the immediate dispatch by the United States of Patriot missiles in response to the Iraqi Scud attacks. We in the American pro-Israel community also deeply appreciate the important role that members of this Subcommittee took in March 1991 helping Israel secure \$650 million in supplemental emergency assistance to help meet the costs of the Gulf crisis. Whereas Israel's direct military costs were largely restored by the supplemental aid package, another \$2 billion in economic costs continued to weigh down its already strained economy. These costs came on top of Israel's overwhelming economic burden resulting from the absorption of hundreds of thousands of Jewish immigrants from the former Soviet Union, Ethiopia, and elsewhere. The loan guarantees will be immensely helpful -- but Israel clearly needs our economic and military assistance to help it cope with the colossal task of immigrant absorption, and to maintain its deterrent strength among states that still refuse to recognize its existence.

Mr. Chairman, today I submit this testimony before this Subcommittee in strong support of President Clinton's request for \$3 billion in economic and military aid to Israel -- that nation's lifeline -- of which more than 80 percent is spent in the United States.

Indeed, the absolute amount of our aid to Israel is substantial. But it is comparatively one of the most cost-effective investments that the United States makes in support of its international interests. U.S. expenditures in support of our European allies in NATO, for example, are more than 40 times the size of our aid to Israel, which is doubtless the most visibly pro-U.S. country in the world. And we get a good return on our money to Israel. As President Clinton stated last November just prior to his election, "I support the current levels of military and economic assistance to Israel... This vital aid encourages long-term stability in the region." The relationship has been cooperative in the truest sense of the word: In response to a question submitted for the record for his Senate confirmation hearings, Secretary of Defense Les Aspin wrote: "I feel confident that this Administration will continue to value the important strategic relationship between the United States and Israel and look for ways to strengthen this relationship in the future." Just after the Gulf war, then-Secretary of Defense Cheney said that the crisis "has been a demonstration of the value of maintaining Israel's strength, and her ability to defend herself, and also the value of the strategic cooperation between our two countries."

Mr. Chairman, The annual \$3 billion aid to Israel has come to symbolize the immutability of the U.S.-Israel alliance. It has signaled to Israelis and Arabs alike that the relationship is rock solid, transcending even serious personal rifts between the leaders of the two countries.

A change in U.S. aid to Israel would undermine the peace process because it would weaken domestic support in Israel for the current government's forthcoming peace policy; encourage the Arabs to seek U.S. pressure on Israel for unilateral concessions as a substitute for give-and-take negotiations; and erode Israel's national security.

The constancy of the U.S.-Israel relationship is indispensable for the peace process. On one hand, while Israel is of course engaged in the process for its own sake, it can only take risks for peace if it is confident of unwavering U.S. backing and assistance for its security. On the other hand, only an unshakable U.S.-Israel link can persuade the Arabs that the United States will neither "deliver" Israel nor allow them to attack it, leaving them no other option but to engage in serious give-and-take negotiations.

Any change in the \$3 billion -- whether initiated here or in Israel -- is liable to hurt the peace process. It would demonstrate to the Israeli public -- without whose support no Israeli concessions are possible -- that for all its forthcoming peace proposals and success in restoring good personal ties with Washington, the current Israeli government is unable to preserve the U.S. aid level which its predecessor had managed to maintain for seven years in a row. That would be particularly harmful to the present government, which has already been exposed to severe domestic challenges because of its forward-leaning peace policies.

A transfer of assistance funds from the Israel account to any other program -- whether domestic or international -- would also raise questions in Israel about the priority assigned by the United States to its historic commitment to Israel's security, further weakening public support for a risk-taking peace policy.

Concomitantly, even a small change in aid to Israel would be perceived by the Arabs as a signal that the U.S.-Israel bond is eroding. Such perception would encourage them to believe that Washington might be amenable to Arab demands that the U.S. press Israel to make unilateral concessions, thus reducing their incentive to negotiate seriously with the Israelis.

A change would also erode Israel's qualitative military edge, without which the Israelis cannot seriously consider taking risks for peace. At a time of inflation and deep cuts in its defense budget, Israel needs to develop an answer to the emerging threat of Iranian missiles equipped with unconventional warheads, on top of constantly upgrading its defenses against a conventional attack by rapidly growing Arab armies. Even with the full U.S. aid package, Israel would find the preservation of its security a daunting challenge.

Mr. Chairman, the deep, broad-based partnership between the United States and Israel continues to flourish. The democratic elections in Israel which led to the peaceful transfer of power from the governing party to its most bitter rival -- an occurrence unknown in the Arab world -- have served to remind us of the extent to which the Israelis share our most fundamental values. A new era is dawning that holds great promise for both countries and bodes well for the future of U.S.-Israel relations. For the first time in over four decades, there is real promise in a negotiating process which could bring an end to the state of war that has existed between Israel and its Arab neighbors. The United States was instrumental in creating the process and will be instrumental in its ultimate success. As Israel takes risks inherent in any such negotiation, it is imperative that the United States remain steadfast in its support for the Jewish state. And this Subcommittee, by voting for \$3 billion in military and economic assistance to Israel in FY 1994, will be helping to ensure that steadfastness and strength which have always worked to the benefit of both countries.

My testimony is divided into two parts: first I will share our views on Israel's importance to the United States as an ally, and then I will discuss Israel's need for U.S. assistance. Of course, Israel's importance and needs are closely intertwined.

I. ISRAEL'S IMPORTANCE TO THE UNITED STATES

Israel is one of America's most important international partners. It is a fellow democracy in a region populated by authoritarian regimes; our most powerful and reliable strategic ally in a vital but unstable region; an essential party in the Middle East peace process; and a significant economic partner, helping to increase our worldwide competitiveness. Israel's friendship toward the United States is particularly visible in the United

Nations: In 1992, Israel voted with the United States on 92.3 percent of the General Assembly resolutions introduced in the 47th session, the highest rate of any country in the world. This contrasts with 26.8 percent for Kuwait, 25.7 percent for Saudi Arabia, and even lower rates for the other Arab countries.

Similarly, most Americans have consistently favored a strong U.S.-Israeli relationship. In recent polls on the bilateral relationship, 85 percent of Americans said the United States should maintain or further strengthen its ties with Israel, and 88 percent viewed Israel either as a "close ally" or as "friendly" -- the highest ranking of any Middle Eastern nation.

Shared Values

Israel shares with America a fundamental commitment to democracy and human rights. That is particularly remarkable because unlike the United States, Israel lives in a dangerous neighborhood: It faces enemies on three of its four borders, and it is daily subjected to the combined threats of Islamic radicalism and Arab extremism which are sweeping through the region. No other Western democracy has been forced to contend with such grievous and persistent threats, at such close range, and on such a large scale for so long -- and maintain its democratic institutions. Since the radical threats confront the conservative Arab regimes as well, it is instructive to compare and contrast just how Israel and Arab states meet the challenge.

There is a striking contrast between Israel and the Arab states in this regard, highlighted in the "Freedom Around the World" survey for 1992 which was issued by Freedom House, the respected national organization dedicated to strengthening democratic institutions. Whereas Israel is rated "free," no Arab country is included in that category. Among the 20 members of the Arab League, twelve, including Saudi Arabia, Iraq, Libya, and Syria, are rated "not free" and all the others are in the lower rankings of "partly free." The findings are based on extensive research into all aspects of political rights and civil liberties in the countries surveyed. Similarly, Israel is ranked 18th in the world on the "human development" scale of the United Nations Development Program (UNDP), which includes such factors as education, health care, life expectancy, employment and other demographic information, according to the organization's 1992 report; that too is unmatched elsewhere in the region.

Civil Liberties:

Israel's democratic institutions guarantee by law fundamental civil liberties for all citizens, Arab and Jew alike.

Israel is the only country in the Middle East with meaningful free elections, a free press, checks and balances to prevent and correct abuses of authority, extensive protection for the rights of individuals and minorities, freedom of religion, basic equality for women and other safeguards and rights that are typical of a free society. To be sure, Israel has its flaws, as Israeli critics themselves freely acknowledge. But its human rights and civil liberties record remains far and away the best of any country under siege for over four decades.

Freedom of the Press:

Israel is the only country in the Middle East with a genuinely free press.

♦ In addition to a vigorously contentious and critical Hebrew press expressing every conceivable shade of Israeli public opinion, Israel has the freest Arabic-language press of any Middle Eastern nation.

Rights of Assembly and Association:

Israel is the only country in the Middle East to consistently uphold unfettered freedom of assembly as a vehicle for promoting change.

♦ Israel guarantees freedom of assembly, a fundamental democratic right that the Israeli people often exercise to demand a change of government policies. For example, in 1982, 400,000 people -- nearly 10 percent of the country's population -- demonstrated in Tel Aviv to protest their own government's behavior in Lebanon.

Democratic Participation:

Israel, the only democracy, stands in sharp contrast to other countries of the region, which include feudal monarchies and dictatorships.

♦ The Knesset, Israel's parliament, is a legislative body elected by universal franchise on the basis of proportional representation. By law, a general election is required at least once every four years. All adult citizens have the right to participate in the political process, and Israelis exercise their right to vote with a relish. For example, in the November 1988 elections, voter turnout by the citizens of Israel, Jewish and Arab, was approximately 80%, among the highest rates in the democratic world. Fifteen parties are represented in the Twelfth Knesset, including several Arab parties.

Freedom of Religion:

Like the United States, Israel guarantees religious freedom for adherents of all faiths.

♦ Israel has no state religion. It guarantees and safeguards freedom of religion to all. The rights of religious minorities in Israel are strictly protected by law, and minorities conduct their own religious and civil affairs such as marriage, divorce, and conversion.

Women's Rights:

Women's rights in Israel are protected by law as well as by governmental and private organizations.

♦ Israel's Equal Opportunity Law forbids discrimination on account of sex or marital or parental status, and employers are legally required to pay female and male workers equally for equivalent tasks. Israel is one of the few states in the world, and the only country in the Middle East, to have ever had a woman head of government.

Due Process and the Rights of the Accused:

Israel's judicial system, based on the British legal tradition, protects the rights of the accused.

♦ In Israel, the right to a hearing by an impartial tribunal with representation by counsel is provided for by law and carried out in practice. The judiciary system is independent and effectively insulated from political interference. The Supreme Court of Israel functions with independence similar to the U.S. Supreme Court. The Supreme Court has the power to review all of the Government's decisions.

Monitoring of Human Rights:

There is a sharp contrast between Israel and the Arab states regarding access to human rights monitoring organizations.

♦ In Israel, there is an extensive array of domestic human rights groups dedicated to the protection of individual liberties and women's rights. These groups freely criticize the Israeli government without interference. Both Israeli and Palestinian groups monitor human rights in the West Bank and Gaza.

Promoting Democracy Around the World:

Israel is involved in numerous international programs designed to help foreign countries develop their human and material resources in a manner that fosters the growth of democratic concepts and institutions.

♦ Israel is providing aid in various fields to 114 nations, including countries that do not have full diplomatic relations with Israel. In the past year alone, over 25 countries have been added to the list of those receiving Israeli aid, among them China, India, some African and east European nations, and several CIS republics. Since the establishment of Israel's Foreign Ministry's Division for International Cooperation (Mashav) in 1957, over 65,000 people have taken Mashav training courses in Israel and abroad in agriculture, medicine, education and other fields. In 1992, 2,364 specialists from 90 countries went through training courses in Israel, an increase of nearly a third from 1991.

♦ Israel is working actively to promote democracy in the former Soviet Union. Israel now has diplomatic relations with Russia, Ukraine, Belarus, and Moldova; Latvia, Lithuania, and Estonia; Armenia and Georgia; and the Islamic republics of Kirghizia, Uzbekistan, Kazakhstan, Azerbaijan, and Tadzhikistan -- the only Muslim states other than Turkey and Egypt to have established diplomatic ties with Israel. Israeli expertise is being sought by virtually all of the republics of the former Soviet Union in areas such as agricultural research and farming, public health, and environmental protection. The U.S. AID and Mashav have joined in a pilot program to aid Georgia and the Central Asian republics of Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Turkmenistan. The goal of the program is to use Israeli expertise to assist these countries in areas such as agriculture, water policy, and public health. In recent months, Israeli ministers have visited most of the CIS countries and signed a variety of trade, economic, and cultural agreements. In recent months, Israeli ministers have visited most of the CIS countries and signed a variety of trade, cultural, and technical assistance agreements. Israeli efforts in the Islamic republics are also designed to counter Iran's cultivation of radical Islam among their inhabitants.

♦ Last November, UN Secretary General Boutros Boutros-Ghali asked Israel to provide experts to teach various countries about the democratic process and to organize and supervise democratic elections. Israel's Ambassador to the United Nations Gad Yacobi told Ghali that Israel would willingly provide such experts. Israel has extensive experience in fostering democracy among large numbers of immigrants from non-democratic countries, and has shared this experience with other countries.

♦ In December, the Israeli Foreign Ministry sent a team of experts to help El Salvador's victims of the 12-year civil war. The Foreign Ministry will be bringing over to Israel injured Salvadorans for surgery and the fitting of artificial limbs. Israeli physicians are working with Salvadoran doctors to improve rehabilitation facilities in El Salvador.

♦ In February, Israel took in 84 Bosnian Muslims escaping from the horrors of their native land until the end of the fighting.

♦ In March, a group of 30 Lebanese farmers visited Israel to participate in an agricultural training course.

♦ Also in March, Israel hosted the thirteenth Conference of Mayors, welcoming to Jerusalem two-dozen mayors from five countries.

♦ In April, Foreign Minister Shimon Peres met with African Ambassadors to Israel, offering to assist Africa with additional specialists, technical courses, and desert-reclamation expertise.

♦ Israel will participate in UN peacekeeping forces for the first time, sending eight civilians to serve in administrative posts, the Israeli Foreign Ministry announced in November. The decision came after the 1975 General Assembly resolution equating Zionism with Racism was rescinded. The Secretary General asked Israel to provide personnel after Israel agreed to involve the UN in regional peace talks.

♦ Israel has organized a delegation of experts from universities and government offices to assist in United Nations Development Program development projects in Third World countries, especially in the areas of regional development and agricultural improvements.

Summing up last September the significance to the United States of shared values with Israel, then-Presidential candidate Bill Clinton stated: "Our relationship would never vary from its allegiance to the shared values, the shared religious heritage, the shared democratic politics which have made the relationship between the United States and Israel a special, even on occasion a wonderful, relationship. Our support of Israel would be part of all those shared things, plus our commitment to a stable and peaceful Middle East, a commitment that can never have been fulfilled in the absence of Israeli help."

Earlier that month, Mr. Clinton said: "America and Israel share a special bond. Our relationship is unique among all nations. Like America, Israel is a strong democracy, a symbol of freedom, an oasis of liberty, a home to the oppressed and persecuted."

And in his book *Putting People First*, Mr. Clinton wrote: "Among all the countries in the Middle East, only Israel has experienced the peaceful transfer of power by ballot -- not bullet. We will never let Israel down."

Contribution to Regional Peace and Stability

While Israel serves America's strategic interests in the Middle East through its democratic stability and its military capability, it also serves U.S. interests through its efforts toward Middle East peace and stability. As I said in my introduction, Israel's work in the current peace process could lead to historic breakthroughs, making the Middle East much friendlier to U.S. economic and strategic interests.

The benefits to the United States of Israel's peace treaty with Egypt -- including the strengthening of pro-U.S. forces for stability in the Middle East -- should leave no doubt that further peace accords between Israel and its other Arab neighbors participating in the peace process will serve U.S. interests. Although Iraq's occupation of Kuwait reminded Americans that the Middle East is plagued by violent disputes that are unrelated to the Arab-Israeli conflict, there is no question that alleviation of this conflict beyond the Israeli-Egyptian peace treaty would enhance regional stability and contribute to world security. Cooperation between Israel and its Arab neighbors would isolate Islamic extremists and other anti-U.S. forces in the region; bolster U.S. efforts to bring Israel and its Arab neighbors into a more cooperative security environment; and facilitate regional economic development which would serve U.S. economic interests.

Prime Minister Rabin is working very closely with President Clinton and Secretary of State Christopher to capitalize on the remarkable opportunity presented by the Madrid peace process. President Clinton has appropriately praised Prime Minister Rabin for "breathing new life into the negotiations" immediately upon assuming leadership in Israel last July. Secretary Christopher said after meeting with Mr. Rabin in Jerusalem in February that he knows the Israeli Government is doing "all it can" to achieve the just and lasting peace with security which, he said, "the people of Israel yearn for."

As I said in my introduction, Prime Minister Rabin has taken a number of far-reaching steps to promote the cause of peace and regional stability. In its negotiations with the Palestinians on the West Bank and Gaza, the Rabin Government has not ruled out any option, other than annexation, regarding the permanent status of the territories -- not even an independent Palestinian state. It has put forth an interim self-government proposal that would give the Palestinians in the territories more control over their affairs than they had even under Jordanian administration between 1949 and 1967. The Rabin Government's self-government proposal would transfer control to the Palestinians in the territories over virtually every political, economic and social decision affecting their lives during the course of the five-year transitional period.

In line with the Camp David accords, the Rabin Government's proposal calls for Palestinian elections for a Palestinian Executive Council through which the Palestinians would run their affairs. The Israeli proposal envisions "free, general and direct elections"; just last week, Rabin accepted monitoring of the elections by U.S. Members of Congress, and said he did not exclude the possibility of participation in the elections by Palestinian residents of east Jerusalem. The Council's members would be accountable to the Palestinian electorate, and would have control over the full range of day-to-day policy issues falling into 15 categories:

- | | |
|----------------------------------------|-------------------------------------|
| 1) Administration of Justice | 9) Labor |
| 2) Administration of Personnel Matters | 10) Local Police |
| 3) Agriculture | 11) Transportation & Communications |
| 4) Ecology | 12) Municipal Affairs |
| 5) Education and Culture | 13) Religious Affairs |
| 6) Finance, Budget and Taxation | 14) Social Welfare |
| 7) Health | 15) Tourism |
| 8) Industry and Commerce | |

In addition, Prime Minister Rabin has gone beyond past Israeli governments by proposing Palestinian or joint Israeli-Palestinian management of over 90% of the West Bank and Gaza during the interim period. This would give the Palestinians effective veto power over Jewish settlement activity in almost all of the West Bank and Gaza. Last week for the first time Rabin also agreed to discuss setting up Palestinian radio and television during the interim period.

During the latest round of the peace talks in late April and early May, the Rabin Government built on its self-government offer. Most of the new proposals were included in an eight-article, two-and-a-half-page draft declaration of principles handed to the Palestinian delegation. Below is a summary of the proposals as reported in the Israeli press and essentially confirmed by an official in Washington.

♦ **Primary Legislation:** Israel has withdrawn its objection to Palestinian primary legislation -- the adoption by the Palestinian self-governing authority of laws defining its own basic powers -- during the interim period. In the past, Israel agreed only to Palestinian secondary legislation -- the adoption of rules and regulations or other legislation not touching upon the authority's powers.

The Israeli proposal calls for a joint committee of Israeli and Palestinian jurists to verify that any law legislated by the self-governing council is not in violation of the general agreement between the two parties on the nature of the Palestinian self-government. This procedure is termed **mutual confirmation**, and is meant to make sure that the self-governing council does not, for example, pass a law declaring Palestinian sovereignty over the territories during the interim period.

♦ **"Single Territorial Unit":** The Israelis now agree that the territories should be treated during the interim period as a "single territorial unit," and have clarified that granting a special status to the settlements during that period does not mean that Israel is tagging in advance certain areas (such as "security settlements") as necessarily belonging permanently to Israel.

By accepting the term "single territorial unit" Israel seemed to wish to reassure the Palestinians that Israeli proposals apportioning Israeli-, Palestinian-, and jointly-administered lands during the interim period was not meant to indicate a permanent division of the territories between Israel and the Palestinians.

♦ **Interim-Permanent Linkage:** Whereas in the past Israel consistently sought to de-link the interim agreement from the permanent settlement, it has now accepted a degree of such linkage. According to the new Israeli proposal, the two stages are linked in the framework of a single comprehensive process, which will lead to a permanent settlement based on Resolution 242. The Israeli proposal adds that "the first stage of the process is linked to the second stage, while it is understood that the options for a permanent settlement remain open."

♦ **Internationally-Observed Palestinian Elections:** Unlike Israel's previous rejection of international observation of Palestinian elections to the self-governing authority, the Israelis are now proposing that the elections be held under mutually-agreed international observation -- as long as that observation does not include the UN.

Prime Minister Rabin has complemented his self-government proposal with a series of confidence-building measures hailed by President Clinton and Secretary of State Christopher, including:

- ♦ A decision to cancel deportation orders issued against 30 Palestinians from the territories.
- ♦ *Tripling* expenditures in the territories, to help the Palestinian economy and create jobs.
- ♦ Agreement to the inclusion of Faisal Hussein, a Jerusalem resident (with a second address in the West Bank), in the Israeli-Palestinian negotiations.
- ♦ Agreement to allow 24 Palestinians to go to Jordan to train for a proposed Palestinian police force in the territories.
- ♦ Agreement to a Palestinian demand for joint monitoring of human rights in the territories.

♦ At its first meeting after the June elections last year, Rabin's new Cabinet ordered a halt to new housing contracts and announced a construction freeze in the territories. Over 7,000 housing units contracts were canceled, and incentives, tax breaks, subsidies, and discounts have been reduced or removed entirely. Also, Rabin has ended government subsidies for the purchase of Arab homes by Jewish groups in east Jerusalem.

♦ Last August, Mr. Rabin announced four security-related measures: the pardon of 800 convicted Arab prisoners who had served out part of their sentence; lowering from 60 to 50 the age of Arabs in the territories eligible for exemptions from entry permits into Israel; reopening of streets and alleys in the territories that had been sealed in the past to curb riots; and reopening of homes that had been sealed over five years previously. Just last month Israel released another 280 Palestinian prisoners.

♦ The Israeli government has made historic changes in the treatment of Israel's Arab population. Last September, Rabin abolished the post of Adviser to the Prime Minister on Arab Affairs, choosing to deal directly with Israeli Arabs and work for full equality, thus making the liaison position anachronistic. Rabin has taken steps to incorporate Israeli Arabs into the Israeli government, and has named two Israeli Arabs Cabinet Deputy Ministers, Labor's Nawaf Massalha and Meretz's Walid Tzadik as deputy ministers of health and agriculture, respectively. Foreign Minister Shimon Peres has promised to appoint an Israeli Arab as ambassador to a foreign capital in the near future.

♦ Last October, Israel withdrew its previous objection to the participation of Palestinians from outside the territories in discussions on regional issues concerning refugees and economic cooperation, signaling a more flexible approach.

♦ In January of this year, the Israeli government voted to decriminalize private contacts with the PLO, which is still labeled a "terrorist organization" under Israeli law.

♦ Israeli officials indicated in February their desire to aid Secretary Christopher's efforts to resume Mideast peace talks, by announcing their willingness to speed review of Palestinian banishment cases. In addition, Israel offered public assurances that banishing Palestinians is not government policy. Subsequently, Israel announced its willingness to return immediately 25 deportees.

♦ The Israeli security establishment in the territories prepared new proposals in advance of Secretary Christopher's visit, including plans to abolish most of the taxes on Palestinians crossing into Jordan via the Allenby bridge.

♦ Also in February, Israeli officials announced their willingness to cooperate with the newly-forming Palestinian councils on health, industry, commerce, education, and housing. Civil Administration officials have already met with council members to work on transferring responsibility to the Palestinian councils even before the transition phase.

♦ Israel has encouraged the establishment of Palestinian industries in the territories. During the past year, over 170 new factories have opened (90 in Gaza and 83 in the West Bank). More Arab financial institutions and the first non-Israeli insurance firms are being authorized, aided by three-year tax breaks. In December, Rabin met with European leaders to discuss ways in which the European Community could help stimulate the economy of the territories.

♦ Israel's Civil Administration has encouraged the establishment of new banks in the territories. In September, two Cairo-Amman bank branches opened in Jericho and Qalqilyah, and there are plans to open seven branches of the Jordan Bank.

Prime Minister Rabin has been forthcoming toward the Palestinians at the negotiating table and on the ground despite continued Palestinian violence against Israel, matched by much of the familiar hateful rhetoric from Palestinian extremists. Last year, calls from Palestinian terrorist leaders to escalate the intifada were met by 3,629 recorded Palestinian terrorist attacks on Israelis, as well as an increase in Palestinian militants' use of firearms against Israeli civilians and soldiers. 344 shooting incidents against Israelis were recorded in the territories last year, compared with 262 in 1991 and 158 in 1990.

Some of the most deadly Palestinian attacks in recent months have been carried out by Islamic extremist organizations such as Hamas and Islamic Jihad, which have mounted a relentless campaign of intimidation and bloodshed against the peace talks with the dual objective of killing Israelis and others and extinguishing the peace process. It was a series of terrorist attacks by Hamas late last year -- culminating in the kidnapping and murder of Israeli border policeman Nissim Toledano in December -- that led the Rabin Government to temporarily banish over 400 Hamas activists to Lebanon.

Hamas is a militant offshoot of the Palestinian Moslem Brotherhood. It has evolved from its origins as a social welfare organization into one of the deadliest foes of peace in the Middle East. Violently opposed to any peace negotiation or peaceful settlement with Israel, Hamas has called for Israel's total destruction and its replacement by an Islamic Palestinian state. The organization's funding comes primarily from Iran and until recently from Saudi citizens as well, with Iran providing Hamas with \$15 million a year and playing an increasing role in sponsoring, arming, and training the organization.

The levels of violence Israel faces are staggering. In March alone, 15 Israelis were murdered and two-dozen injured in a savage wave of Palestinian terrorism. The brutal attacks included a stabbing spree by a knife-wielding terrorist against students in a Jerusalem schoolyard.

During the previous year, Hamas carried out over 30 terrorist attacks against Israelis, leaving eleven people dead. Recognizing Hamas' record of terror, the State Department for the first time officially labeled Hamas a terrorist group in its annual terrorism report issued in April. The Islamic Jihad also has an extensive record of terrorist attacks against Israeli soldiers and both Israeli and Palestinian civilians. The terrorists' intentions are clear. An Islamic Jihad leaflet issued December 18, 1991, called for "Death to the Zionist invaders... We'll continue our jihad... and will make our land quiver under the usurper occupier's feet until he is defeated. Our holy Palestinian land will be a battleground to fight him until he leaves unconditionally." A Hamas leaflet issued February 2 called on its supporters to "continue to wage a merciless war until the total liberation of all of the land of Palestine." Hamas declared its opposition to the notion of a Mideast peace conference and called for "a serious and effective move at all levels to foil the capitulation conference," and stated: "All the Arab and Islamic peoples and movements must proceed immediately to perform their desired and expected role in the decisive fateful battle against Jews, the enemies of God and humanity."

Hamas and Islamic Jihad are not the only "rejectionist" Palestinian organizations. Ten major terrorist groups met in Damascus last September to plan to disrupt the ongoing peace negotiations. In addition to Hamas and Islamic Jihad, other members included the PLO's Democratic Front for the Liberation of Palestine (DFLP), Popular Front for the Liberation of Palestine (PFLP), Ahmad Jibril's group PFLP-General Command, the Abu Abbas group Palestine Liberation Front (PLF), and other PLO constituents.

In December, the ten rejectionist groups issued a political statement in response to the Hamas banishment, stating that while "highly valuing anyone who has hurled a stone, used a knife, fired a bullet at the enemy," Palestinians are urged to "continue our struggle until the liberation of Palestine, the whole of Palestine, from the filth of the Zionist occupation" and to "escalate and entrench the blessed intifada so that it will spread to every city, village, camp, and suburb in Palestine."

Prime Minister Rabin, supported by left-wing members of his Government, explained after the Hamas banishment that his Government would confront terror as aggressively as it would pursue peace. "These are not easy days for Israel," the Prime Minister told the Israeli Knesset after the expulsion. "But we are strong enough to fight on two fronts: the battle for peace and the war against terror." Israeli leaders made the point that in fact, Israeli victories against terror would aid in the drive for peace.

Prime Minister Rabin expressed hope, for example, that the Hamas banishment would strengthen the hand of Palestinian peace negotiators in the Palestinian world. The peace delegates are accused by Hamas leaders and other radical Palestinians in the territories of selling out and, consequently, are in almost constant danger at home.

The continued high levels of intra-Palestinian violence in the territories illustrate the explosiveness of the Palestinian street. According to the State Department, the number of Palestinians murdered by other Palestinians in the territories increased from 13 in 1988 to 128 in 1989, to 165 in 1990, 140 in 1991, and 182 in 1992 -- since 1990 more than the number of Palestinians killed in clashes with Israeli security forces. The total number is today well over 680 killed since the beginning of the intifada. The claim that all those murdered are "collaborators" with Israel and therefore deserve to die is baseless. Not only is such "collaboration" insufficient grounds for brutal assassination without trial, but many murders were no more than private acts of settling personal accounts. Indeed, last year Palestinian leaders for the first time began publicly denouncing the killings. The chief Palestinian negotiator, Haidar Abdel-Shafi, said the murders were crimes for which "we don't see any justification." Tragically, within days after Abdel-Shafi's statement the PFLP murdered a fellow Palestinian in Gaza. In March alone, 15 Palestinians were slain by fellow Palestinians.

Despite Prime Minister Rabin's aggressive pro-peace and anti-terror approach toward the Palestinians, the Palestinian delegation may be too fractious at this point to make the tough decisions required for a substantive agreement. Prime Minister Rabin and the Clinton Administration have therefore considered the idea that Israel should focus on striking a deal with Syria first. Eager for an agreement with Syria by the end of 1993, Prime Minister Rabin has taken the bold step of publicly committing Israel to a withdrawal on the Golan in return for peace with Syria. Furthermore, senior Israeli officials have hinted that Rabin is considering a major Golan withdrawal if Syria offers a full peace.

Mr. Rabin has offered a number of confidence-building measures to Damascus. In September, for example, as a show of good will toward Syria, Israel allowed a group of 185 Druze clerics from the Golan to travel into Syria for a pilgrimage, the largest crossing by Druze since 1967. In the past, both Syria and Israel have confined crossings to very small groups.

Pleased with some Syrian statements and actions that indicate Hafez Assad might now be serious about negotiating peace, Prime Minister Rabin has been restrained in responding to Syrian moves that are reminders Damascus is still at this point in a state of war with Israel. Though the Syrians have spoken publicly and privately on a number of occasions about their readiness for peace, they have yet to clearly and publicly say that in exchange for Israeli withdrawal on the Golan they are ready for a full, normal peace with Israel that is not dependent on Israel's relations with her other Arab neighbors. Meanwhile Syria continues its military buildup; sponsors several of the Palestinian terrorist groups opposed to the peace talks; refused last year to receive U.S. counterterrorism delegations; continues its occupation of Lebanon despite the Taif accords; refuses to provide information about Israeli MIA's; and allows Hezbollah terrorists, sponsored by Syrian ally Iran, a safe haven in Lebanon to launch attacks against Israel. Furthermore, Syria has held Lebanon back from accepting an Israeli proposal for joint military consultations on the situation in southern Lebanon.

Nonetheless, there is some hope for progress not only on the Israeli-Syrian track but also in the Israeli-Jordanian talks. Last fall, the Rabin Government's acknowledgment of Jordanian territorial claims led to a major

breakthrough when the two delegations agreed in a detailed draft agenda that the negotiations "will ultimately ... culminate in a peace treaty." While thus becoming the first Arab country since Egypt to accept -- albeit tentatively -- a peace treaty with Israel as the formally stated goal of negotiations, Jordan has yet to ratify the agreement. It appears Palestinian pressure has played a large role in Amman's reluctance to finalize the draft before Israeli-Palestinian agreement on interim self-government arrangements. Given Syrian influence over Lebanon, an Israeli-Syrian agreement is expected to include agreement on an Israeli-Lebanese pact providing for withdrawal of both Syrian and Israeli forces from Lebanon.

While Israel's Arab neighbors rule out formal regional cooperation agreements with Israel in the multilateral negotiations until the Jewish state cedes additional territory, the Rabin Government has to its credit developed practical ideas for Middle East economic and political cooperation that could help transform the region and contribute to American interests in democracy and trade. Israeli Foreign Minister Peres is leading the Jewish state's efforts to develop this framework for cooperation.

In February, Israeli Ambassador to the United Nations Gad Yaacobi reported that Israel estimates peace between Israel and her Arab neighbors could free up over \$30 billion in defense spending annually throughout the region for economic development, and will pave the way for at least six regional cooperation initiatives on the basis of agreements reached in the multilateral negotiations:

- ♦ the establishment of a Middle Eastern Common Market
- ♦ the creation of joint ventures, based upon integrated knowledge, capital, and mineral resources from both inside and outside the Middle East
- ♦ the establishment of an integrated network of infrastructure for ports, airports, railways, and energy plants
- ♦ the opening of borders for tourism
- ♦ the promotion of cooperation in the fields of health, professional training, knowledge, technology, and agriculture
- ♦ the removal of all sorts of boycotts, aiding U.S. companies eager to do business in the Middle East

One particularly important policy area of the multilateral negotiations is arms control and regional security, the third session of which was held last month here in Washington. The Israeli Government has been forward-leaning on arms control. As early as 1987, it proposed to the United Nations negotiations to exclude unconventional weapons from the Middle East, including a nuclear-free zone. In December 1990, Israel's then-Prime Minister Shamir proposed that the major arms producers limit the volume of conventional weapons they deliver to the Middle East -- including Israel -- so that the region not become the arena for another cycle of the arms race. Key members of Congress have proposed ways to encourage such a limitation of sales of conventional weapons to the Middle East by the major arms suppliers. Israel was a founding signatory of the Chemical Weapons Convention in Paris this January, where Foreign Minister Shimon Peres proposed eventual Arab-Israeli mutual inspections to verify future arms control agreements. Sadly, this landmark agreement was boycotted by most of the Arab world. Israel also adheres to the Missile Technology Control Regime, and will participate in the new UN arms transfer registry.

President Clinton has made Middle East arms control a central foreign policy priority for his Administration. In a November 1992 interview the President said, "I will act more vigorously to stop the spread of dangerous missiles in the Mideast, and insist on a strong international effort to keep weapons of mass destruction out of the hands of nations like Iran, Iraq, Syria, and Libya. Our policy must include not only an effort to reduce this spread, but a reaffirmation of our strong commitment to maintaining Israel's qualitative military edge over its potential adversaries."

It is the objective of this organization to try to end the unrestrained arms race in the Middle East. Two years ago, it was hoped that the new conditions created by Desert Storm would make possible a drastic cut in arms sales to the Middle East. Sadly, the reverse has occurred, as Syria, Iran, and Saudi Arabia continue large-scale arms purchases. The United States continues to set a poor example by leading the world in arms sales to the region.

We hope that the "Permanent-5" arms control discussions among suppliers that began in 1991, but have since faltered, can be quickly restarted and perhaps expanded, as they hold promise for establishing verifiable arms sales reductions in the Middle East.

Regional arms control proposals nevertheless entail significant risks for Israel because, historically, Israel has had not only fewer resources but far fewer suppliers than the Arabs and is therefore more vulnerable in the event that the Arabs evade an agreement. While an arms supplier restraint regime will slow the influx of new weapons into the Middle East, arms control negotiations among the recipient states are even more crucial. It is hoped that the regional multilateral talks may serve to eventually establish curbs on the regional arms race and confidence-building measures among the parties involved. Such CBM's might include an agreement to provide advance notification of military exercises and troop movements in locations that are near the frontiers. Such measures have proved successful in Europe, and might play a useful role in the Middle East without sacrificing any of the essential interests of each state.

Prime Minister Rabin's work with the United States to promote progress in the Madrid peace process has its costs. Some of the landmark steps the Prime Minister has taken -- his commitment to cede to Syria territory on the Golan, for example -- clearly entail a national security risk, and a political risk as well. The Prime Minister has come under strong criticism from various groups in Israel, including leaders of the opposition Likud party, demonstrators, and journalists. A recent poll conducted by Tel Aviv University's Jaffee Institute for Strategic Studies found that six out of ten Israelis believe the Rabin Government's peace-process policy is too forthcoming. The same survey found that only 6% of Israelis support a full Israeli withdrawal from the Golan. Prime Minister Rabin's Labor Party has lost a substantial amount of support to Benjamin Netanyahu's Likud Party in Israeli public opinion polls. Given the narrow election margin by which Prime Minister Rabin's coalition took office, these poll results reflect the boldness of the Prime Minister's moves to promote the peace process and demonstrate real leadership.

Strategic Partnership

While threats to America's interests have diminished in other parts of the world following the demise of the Soviet Union and the end of the Cold War, the Middle East remains a high-threat area according to high-level U.S. officials, including CIA Director James Woolsey. Although the Cold War is over, rogue states like Iraq, Iran, Libya, and Syria are now so heavily armed and are rapidly acquiring weapons of mass destruction that they pose a greater threat today than they did a decade ago. Thus, Saddam Hussein proved to be a greater threat in 1990, without Soviet backing, than he was in 1980 when he had Soviet patronage. The rapid deterioration in the former Yugoslavia and the possibility of U.S. involvement should the conflict widen also has implications for American regional interests and military forces.

As the military potential of radical Middle East states grows at a time when American forces based overseas are reduced due to cuts in U.S. armed forces, our ability to deal effectively with regional crises will continue to diminish. Reliance on our most reliable and capable ally in the region, Israel, will therefore become increasingly important. Israel has the most competent armed forces and the best-located facilities for a "swing force" that might have to operate in the eastern Mediterranean, the Arabian Peninsula, North Africa, southern Europe, or the Suez Canal.

In an era of scarce resources, it makes sense to deploy and preposition American assets at such a key juncture between potential theaters of operation. The circumstances which allowed a six-month buildup of forces in Saudi Arabia during Desert Shield may not be repeated in a future Gulf crisis. As the commander of the U.S. Central Command indicated last year, "We know it will be very unlikely that we could replicate Operations Desert Storm and Desert Shield in the future... [and we] learned during the last conflict that prepositioning is key to our ability to respond." The Saudis have continued to reject prepositioning of hardware for U.S. ground forces on their soil, while Israel has welcomed it. Clearly, Israel is the logical choice to be a key U.S. ally in the Middle East.

President Clinton appears to concur with this view. He argued during his campaign last year that Israel is America's most dependable ally in the Middle East. And Secretary of State Christopher declared at his confirmation hearing in January in discussing the Middle East, "Our democracy-centered policy underscores our special relationship with Israel, the region's only democracy, with whom we are committed to maintain a strong and vibrant strategic relationship."

The Regional Threat Has Not Diminished:

- ◆ An "arc of crisis" extends from Morocco to Pakistan, and includes all of the world's still-existing regimes that have committed acts of violence against U.S. citizens in recent years: Libya, Syria, Iraq, and Iran. All these predator states -- even post-Desert Storm Iraq -- continue to threaten U.S. interests; other nations in the region may follow suit.

- ◆ The predator states have amassed vast quantities of powerful conventional and unconventional weapons, sufficient to pose a greater threat to U.S. interests today without Soviet support than they did in earlier years when they enjoyed Soviet backing but lacked the capability to pose an independent threat. Several possess ballistic missiles, chemical and biological weapons, and are frantically pursuing nuclear weapons capabilities.

- ◆ Iran has publicly announced its intention to acquire nuclear weapons. Vice President Mohadjerani stated on Nov. 16, 1991, "Yes, we are acting to attain a nuclear bomb... The Moslems must get ready to attain nuclear power which will make them strong."

- ◆ Nearly three-quarters of the world's proven oil reserves are located within the "arc of crisis." The rapidly growing U.S. dependence on Arab oil imports (currently \$60 billion) is already responsible for a far larger share of the U.S. trade deficit than is the trade imbalance with Japan (\$40 billion). Should more Islamic states be radicalized at a time of growing Western dependence on their petroleum, the "oil weapon" could be unsheathed once again with a potentially devastating impact on the U.S. economy.

- ◆ Although many Islamic regimes are currently moderate and friendly to the United States, no Islamic nation is immune to radicalization. Sudan has already joined Iran as a radical Islamic state harboring terrorist groups, and Algeria's march toward radical Islam, temporarily halted by last-minute army intervention, is by no means over. All the Arab countries are threatened by powerful radical Islamic forces. Fearing these forces, Egyptian President Hosni Mubarak has imposed the death penalty on radical militants.

♦ Radical Islam harbors implacable hostility toward the West and toward democracy and other basic Western values. It profoundly resents the Western "infidels'" military and material success, which it views as contrary to Islam's teachings. It regards the West as the underlying cause of the Islamic world's weakness and misfortunes, and as the main obstacle to Islamic reunification and return to medieval Islam's "Golden Age." As the West's undisputed military and political leader, the United States is regarded by Islamic radicals as the "Great Satan," their most hateful and dangerous enemy on earth.

♦ Militant Arab nationalism, embodied by Qaddafi's Libya and Saddam Hussein's Iraq, shares radical Islam's hostility toward the U.S.-dominated West. It regards Western "imperialism" as the root cause of the breakup of the Arab world, and as the chief impediment to Arab power and reunification. Although the appeal of Arab nationalism has waned, its anti-Western message remains a potent force throughout the Arab world and can be mobilized even in currently pro-Western Arab countries.

♦ Iran and Syria's present posture of accommodating the West is the result of economic need coupled with fear of the U.S. military might as displayed in Desert Storm. Should circumstances change, they could quickly revert to the pursuit of economic advantage through intimidation and aggression, much as Saddam Hussein surprised the West by dropping his facade of moderation and invading Kuwait in August 1990.

Israel Can Help Contain the New Strategic Threat:

As U.S. defense budgets and armed forces continue to shrink, making use of our allies' military capabilities becomes an increasingly important element of our national defense. As a solid Western democracy located in the midst of the unstable and dangerous "arc of crisis," Israel is ideally positioned to help the U.S. face the new strategic threat:

♦ By taking out Iraq's nuclear reactor, rescuing the Western hostages in Entebbe, and destroying the PLO headquarters in Tunis, Israel has demonstrated that it can act effectively to advance Israeli -- and Western -- interests. It serves U.S. strategic interests further to enhance this capability through military aid and strategic cooperation programs with Israel.

♦ Israel is the only nation in the region permanently immune to Arab nationalist or radical Islamic takeover.

♦ As a Western democracy steeped in Western values, Israel is not only friendly to the West but an integral part of it. U.S. strategic agreements with authoritarian Arab regimes often do not have popular support in Arab countries, and are therefore effective only as long as a particular ruling elite remains in power and considers the U.S. to serve its interests. In contrast, the four-decade-old U.S.-Israel alliance is supported by the people of Israel and all its major political parties. Such depth of support is a prerequisite for a reliable and durable alliance, and is the reason that alliances with democracies are more deeply rooted than alliances with autocracies and tyrannies.

♦ Building alliances with conservative Arab regimes is a temporary and uncertain solution. The staunchly pro-Western monarchies of Iraq, Libya, and Iran were all toppled (in 1958, 1969, and 1979 respectively) and replaced by virulently anti-Western regimes. All the surviving pro-Western Arab governments, as well as Turkey and Pakistan, are vulnerable to radical Islamic pressures, and most could be overthrown; the U.S. can only help these fragile governments deal with external aggression, not with internal threats.

♦ Israel has been a primary target of Arab military action. It has therefore traditionally focused its renowned intelligence apparatus on the radical states of the Middle East, toward which U.S. intelligence has only recently begun to direct its attention. Israel's experience and knowledge can fill gaps left by our high-tech intelligence-gathering systems.

♦ Israel's knowledge of Islamic cultures, societies, language and behavior will continue to benefit the U.S. in dealing with the "arc of crisis." This was proven in 1978, when Israeli intelligence provided the CIA with assessments predicting upheaval in Iran as well as just before the Gulf War, when the U.S. came to Israel for intelligence on Iraq. Daily telephone conversations between Secretary of Defense Cheney and Defense Minister Arens during Desert Storm were a well-known Washington secret.

♦ Israel is a leader in developing cost-effective intelligence gathering technology. Israeli technology in intelligence gathering systems, for which Israel assumed the development costs, has been shared with several U.S. companies, including Boeing, Sylvania, RCA, Beechcraft, and 21st Century Robotics.

♦ Intelligence cooperation with Israel played an important role during the Gulf War. In addition to raw Israeli intelligence on Iraq provided to the United States, Israeli intelligence-gathering technology was also used. Israeli-developed remote controlled, Unmanned Aerial Vehicles (UAVs) which have the ability to gather "real war-time" information were used extensively by U.S. forces in the Gulf War. This not only helped the Allied forces in gathering intelligence, but also helped to save the lives of American air crews who would have otherwise had to expose themselves to risks to do the same job as the UAVs.

♦ U.S.-Israeli cooperation against terrorism can help reduce the mutual threat. In April, the United States, Egypt, and Israel initiated cooperation in fighting Islamic extremism through private consultations and visits.

♦ Israel's successful action against Iraq's nuclear reactor has been enormously beneficial to the United States. President Clinton said in his *Middle East Insight* magazine interview last November, "If Israel had not conducted a surgical strike on Iraq's nuclear reactor, our forces might well have confronted a Saddam with nuclear weapons ten years later." U.S.-Israeli cooperation on this issue is critical for halting the dangerous proliferation of nuclear weapons to the region's radical regimes.

♦ The quality of Israeli facilities and military manpower is unsurpassed for prepositioning U.S. materiel, maintenance assistance, realistic training, and joint exercises with U.S. armed forces. These programs, whose further expansion has recently been announced, are vital for a direct U.S. role if required in any future conflict. Given the uncertain prospects of their vulnerable regimes, Islamic countries can only serve as short-term substitutes.

♦ The U.S. could, in the future, find itself in conflict with Iraq, Iran, or Libya. In many of these scenarios, military coordination with Israel, possibly even including the use of facilities or equipment in Israel, could contribute to the success of the U.S. armed forces, while reducing U.S. casualties and other costs of war.

♦ Israel has the most powerful air force and navy in its theater. Its own military technology and qualitative advances can contribute importantly to American capabilities in this region and beyond.

♦ Israel and the U.S. are the world leaders in developing defenses against new weapons systems, such as ballistic missiles. Current joint U.S.-Israeli efforts in this area can enhance deterrent capabilities and persuade countries in the region to cease relying on military force in their foreign relations.

♦ Israel, which has been actively seeking contact with the former Soviet Islamic republics, and has already concluded technological cooperation agreements with Kazakhstan and Azerbaijan, can play an important role in helping the United States and other interested parties counter Iran's efforts to draw those republics into its orbit.

Israel offers five special advantages to help meet U.S. needs:

First, while the United States enjoys overall technological superiority, Israeli firms have specialized in gap-filling innovations that often begin where operation experience indicates that American designs leave off.

Second, Israel has developed, of necessity, a quick reaction capability to meet new technological threats on short lead-times, and Israeli innovations are often available off-the-shelf years before corresponding products from other producers come on line.

Third, Israeli products are heavily influenced by actual combat experience, and tend to be more realistic and practical than designs from other producers who are more often guided by studies and analyses than by combat experience. Indeed, the very scientists and engineers who produce Israeli weapons often have had recent battlefield experience.

Fourth, Israeli innovations are designed to counter both Soviet and Western weapon systems, while those of other Western producers generally are not designed to meet the threats from Western systems that are increasingly faced by the U.S. armed forces outside Europe.

Finally, Israeli maintenance and repair facilities are located closer to the theaters where U.S. forces are deployed than many of the facilities on which we now rely. Their increased use could help improve U.S. readiness rates and reduce costs.

Israeli military technologies were used during the Gulf War:

Contrary to widespread notions, Israel played a significant role in helping our troops conduct the war against Saddam Hussein in the Gulf.

♦ Israel recommended software changes which improved the effectiveness of the Patriot missile system.

♦ U.S. forces had available Israeli-developed HAVE NAP air-to-ground missiles, which could be launched from B-52 bombers.

♦ Mobile towed-assault bridges provided by Israel Military Industries were deployed by the U.S. Army and Marine Corps.

♦ The Clear Lane Marking System (CLAMS), developed by IMI, was used by USMC tank crews to mark open paths in the Iraqi mine belt, saving the lives of many troops.

♦ Israeli Aircraft Industries developed conformal fuel tanks for the F-15 fighter that were used widely in long-range missions.

♦ General Dynamics has implemented a variety of Israeli modifications to the F-16 aircraft fleet, including structural enhancements, software changes, landing gear, radio improvements and avionics modifications.

♦ An Israeli-produced helicopter night-targeting system, the CLNAS, was used to increase the U.S. Cobra attack helicopter's night-fighting capabilities.

- ♦ Israel produced significant components of the highly successful Tomahawk cruise missile.
- ♦ Night vision goggles used by U.S. forces were supplied by Israel.

Continuing Military Technology Transfers to the U.S.:

♦ The U.S. Armed Forces continue to widely test and procure Israeli defense systems. As the Pentagon's R&D budget continues to shrink in coming years, buying proven high-tech Israeli systems "off the shelf" is likely to become increasingly attractive. Indeed, a recent Pentagon study argued that a strong and stable research and development posture is vital as cuts are made in the U.S. defense budget. "Combining resources with those of our allies through effective cooperation will not only enhance our ability to achieve technological advancements, but should do so at a reduced cost," the study said. It identified 21 technologies critical to the U.S. defense base, and identified Israel as having specific capabilities in 13 of them.

Procurement contracts with Israeli defense technology firms can save the United States millions of dollars in development costs, with some projects emerging as multi-billion dollar programs for U.S. and Israeli industry.

While much of the military technological cooperation between the U.S. and Israel is classified, many areas of cooperation on crucial future defense systems are public.

♦ The United States and Israel are working together to develop the Arrow, the world's most advanced Anti-Tactical Ballistic Missile (ATBM) system, to shoot down ballistic missiles (a highly advanced alternative to the Patriot missile). The two allies have embarked on the second phase of the Arrow program. A completely successful test launch of the missile was conducted in September of 1992, and the first interception demonstration was performed this February 28. The acting director of the Strategic Defense Initiative Organization, now BMDO, enthusiastically endorsed the Arrow program in recent testimony, outlining the areas in which it is assisting U.S. ballistic missile defense projects.

♦ The United States and Israel have agreed to conduct a joint study of "boost-phase intercept" technology. This concept envisions the early detection and destruction of hostile ballistic missiles shortly after launch, when they are most vulnerable and still over enemy territory.

♦ The Defense Department recently announced plans to procure reconnaissance drones produced by Israel Aircraft Industries for use by the Army and U.S. Marine Corps. IAI's reconnaissance drones proved themselves in the Gulf war and are considered a vital component of future defense systems. IAI is teamed with a U.S. defense contractor, TRW's Avionics and Surveillance Group, which will test the drones. The program, worth several hundred million dollars, will create some 150 jobs in Arizona. IAI and TRW are working together to develop the most advanced version of reconnaissance drones in the world.

♦ Israel's HAVE NAP missile (long range, highly accurate attack weapon) is now being used by the U.S. Air Force to enhance the United States' aging fleet of B-52 bombers for conventional missions.

Other areas of technological military cooperation include: ship-to-ship missiles, electronic naval decoys, and submarine technology.

Israel's Value as a Port of Call and Training Ground for U.S. Forces:

Utilizing local port and training facilities of our capable allies -- such as Israel -- becomes essential as the U.S. defense budget continues to shrink, the number of U.S. naval vessels declines, and regional force projection requirements increase.

Edward Gnehm, then Deputy Assistant Secretary of Defense, stated in March 1989 before a Congressional committee that the United States and Israel now cooperate "on the practical hands-on, day to day working level..." He later added that the biannual U.S.-Israeli Joint Political Military Group (JPMG) meetings have "led to deeper personal relations" between U.S. and Israeli high ranking officials.

Some 300 U.S. DoD personnel a month visit Israel.

Israel provides facilities for the storage and maintenance of U.S. military materiel for American or Israeli use in a crisis situation. Following an agreement on prepositioning reached in September of last year, \$300 million worth of dual-use military supplies will be prepositioned in Israel.

Israel's Capability as a Maintenance and Repair Facility for U.S. Navy Vessels and Weapons Systems:

Because Israel and the United States use common weapon systems, and because Israel's repair facilities have a proven record of competitive performance, Israel is well suited to repair U.S. systems, either regularly or on an emergency basis.

♦ U.S. Air Force F-15 fighters based in Europe are now routinely serviced and repaired in Israel because of the cost savings and outstanding facilities there. Israel Aircraft Industries also signed an agreement in December with USAF and other NATO air forces for the upgrading and modernization of F-16s based in Europe.

U.S. Navy ship surveyor Larry Feltrup wrote a letter in 1987 to the General Manager of Israel's Shipyard to say it "excelled in performance over any ship repair facility I have contracted in the Mediterranean area for the past four years."

♦ Israel's Haifa harbor continues to be the favorite port of call for the U.S. Navy's Sixth Fleet. In addition to the superior repairs, American sailors are warmly welcomed and do not encounter the kind of hostility with which they are frequently received in other countries. A Haifa port improvement program is now complete, and the U.S. Navy has just finished preparing a study evaluating the cost of upgrading the port further in order to possibly home-port an aircraft carrier.

Israel as a Training Ground for U.S. Forces:

Israel is the only U.S. ally in the Middle East that can regularly provide target ranges and training centers as well as expertise in fighting in extreme heat and desert conditions. The U.S. armed forces and the IDF have conducted joint training maneuvers for many years.

Joint military maneuvers were conducted by the IDF and U.S. Army in 1992, and the U.S. Marine Corps made extensive use of Israeli facilities during two exercises in January. The Israeli Navy participates in joint naval exercises with the Sixth Fleet designed to strengthen U.S. anti-submarine warfare capabilities in the Mediterranean. Israel has staged joint training with American special anti-terrorist forces. The U.S. Marine Corps has conducted extensive exercises in Israel in recent years. While intended primarily to protect the Jewish state from air attack and support the ground forces, the IDF could in particular circumstances join a coalition with the U.S. armed forces against a mutual threat.

American air crews have difficulty getting weapons training in Europe because of the poor weather and range restrictions, so they are better able to deliver weapons and practice realistic combat missions on Israeli ranges where the climate lends itself to meeting U.S. training requirements.

♦ Israel proved to be a useful training ground for operations used in Desert Storm. For example, U.S. Army and Marine Corps helicopters and fighters trained at the Negev range in Israel during Desert Shield. Helicopter and heavy mechanized training could also be conducted using IDF facilities.

♦ Israel is also an important testing ground for U.S. equipment in Middle East conditions. Israel has provided the United States with improvements on air intake valves for helicopters. This improvement will help prevent such problems as those that led to the failed U.S. rescue attempt in Iran in 1979.

♦ Israeli pilots continue to share their combat experiences with their American counterparts, both in Israel and the U.S.

The Value of Israeli Technology in Assisting America's War on Drugs:

Israel's advancements in interdiction technology, a major component in the war on drugs, have been highly successful.

Israel's coast has been successfully sealed both against terrorist penetration and against the inflow of contraband.

Israel has achieved advancements in the following areas that can be of great benefit to the U.S. war on drugs: reconnaissance drones; x-ray and detection machines; fast patrol boats; radar systems; integrated command and control; and advanced land interdiction systems.

Strategic Cooperation has also expanded to encompass a wide range of cooperative ventures in science and technology. In March, President Clinton announced the creation of the joint Science and Technology Commission. In the area of space research, an Israeli-designed experiment was carried aboard the space shuttle Endeavor last October, in the most recent example of cooperation between NASA and the Israel Space Agency. The United States and Israel are also conducting joint research in satellite-ground station laser ranging (SLR) for geological and geographic study.

President Clinton has stressed his desire to build upon the strategic cooperation of the past ten years, and that it is fundamentally linked to Israel's qualitative edge. He stated, at the time of the Bush Administration's agreement with Israel on the release of drawdown equipment prepositioning equipment last fall, that "[we] need a strong strategic relationship, and I support the recent White House statement about U.S. readiness to strengthen it. Unfortunately, however, excessive arms sales to certain Arab states have weakened Israel's overall security. Such sales force Israel to divert more resources to its defensive needs." Following his election, he reiterated that the United States must "maintain our special commitment to our democratic partner, Israel, and its overall security...as well as stress the need to preserve Israel's qualitative military edge."

The President's commitment to enhancing the strategic relationship was underscored during his summit with Prime Minister Rabin in March. A new Senior Planning Group will oversee this expansion of strategic cooperation.

The current vitality of America's strategic relationship with Israel was underscored in last October's testimony of Carl W. Ford, Jr., then Principal Deputy Assistant Secretary of Defense for International Security Affairs -- someone with daily involvement in the issue, before the Senate Caucus on U.S.-Israel Security Cooperation. Some of his most telling remarks included the following:

The dialogue and the physical contact between the U.S. and Israeli military is quite substantial. It is a very active partnership...it's healthy and it's growing.

We are currently discussing on a regular basis...where we want to go and how do we want to modify...our strategic relationship. ...We are constantly exploring ways that we can make our commitment real in terms of our strategic capabilities and ways in which both Israel and the U.S. can work together to deal with common problems.

...There is continuity from one administration to another, and from one party to another. Elections have little or no effect on the U.S.-Israeli security relationship. ...[At] the Defense Department, our relationship is so institutionalized that...our election will [not] change...our support for a strong, secure Israel.

In maintaining [Israel's] qualitative edge...what we have done is to try to make sure that the technologies and/or weapons systems that Israel needs are available, and [that] there is a steady supply of assistance of various sorts to make sure that they can afford both quantity and quality for their forces. We're never quite satisfied it's adequate, but the discussions never cease.

Last September, the United States and Israel issued a joint communique on new strategic cooperation initiatives. It stated that the two sides would work to implement previously enacted legislation, and that they "agreed that there will be closer ties between the two countries' armed forces, cooperation on technology upgrades and the start of discussions on Israel's participation in the Global Protection System." Since then, the two countries have established a joint technology working group to help ensure that Israel's qualitative edge is not further eroded.

During the course of the past year, a wide variety of U.S. defense personnel visited Israel to develop different aspects of the strategic relationship -- including Secretary of the Army Stone, commander of Southern NATO Forces, Admiral Boorda, former Director of the Strategic Defense Initiative Organization, Ambassador Cooper, and Commander of the Sixth Fleet Vice Admiral Owens. Numerous high-level defense officials from Israel, including MoD Director-General Ivri and IDF CoS Barak, also travelled to the United States to strengthen ties with both the old and new administrations and the U.S. armed forces.

Strategic cooperation benefits both parties. America's strategic position in the Middle East and the Mediterranean has been greatly enhanced by the relationship with Israel, serving to restrain and deter conflict in the region. Israel's strategic value will increase in coming years, as defense ties continue to grow between our two nations.

Economic Cooperation

The United States has a vital interest in Israel's economic well-being for several reasons. First, the economic health of our major allies and fellow democracies is inherently important to the United States, because in a very profound sense, the free nations stand or fall together. Second, the economy of Israel is the bedrock of the nation's ability to sustain its own defense, and for this reason Israel's economic health is essential to the stability of the region. Dr. Herbert Stein, former Chairman of the Council of Economic Advisors, put it best when he said: "Hostile neighbors should be left in no doubt about the strength and stability of Israel's economy."

And third, it is important for the United States to ensure that Israel continue on the path of economic growth and self-reliance. This is something we can do, and for our own interest, must do. Israel and the U.S. have worked long and hard to establish one of the highest levels of economic cooperation.

American exports face protectionist trade barriers around the world. Even our closest allies refuse to eliminate unfair trade practices, and indeed are erecting new barriers to American products. In a report by the Administration, Japan was cited as the top offender in erecting barriers to trade. The European Community has also been described as increasingly protectionist. The General Agreement on Tariffs and Trade (GATT) are still in jeopardy. In this negative environment, the U.S. can rely on its strong trade relations with Israel.

The historic U.S.-Israel Free Trade Agreement continues its phased implementation. A major step was taken in 1989, and more recently, earlier this year, when Israel eliminated a host of tariffs on American goods including consumer electronics and heavy machinery. Tariffs on both sides continue to fall, following the schedule of the FTA; in 1995, all tariffs between the United States and Israel will be eliminated.

Two-way trade has more than doubled since the inception of the Free Trade Agreement in 1985. The success of this unprecedented accord paved the way for a similar agreement between the United States and Canada.

The increase in trade between the United States and Israel means more sales, profits, and jobs for American business. In fact, when compared with the major trading partners of the United States, Israel is second only to Canada in terms of per-capita imports of U.S. products. Among Middle Eastern countries, Israel is first in per-capita imports and second only to Saudi Arabia in overall imports. Total trade between the United States and Israel last year was more than \$7.5 billion. Israel is one of the few countries with which the United States maintains a trade surplus.

As a result of the immigration from the former Soviet Union, U.S. exports to Israel are expected to grow substantially over the next several years as the new immigrants are absorbed. These new U.S. exports will include heavy machinery, agricultural products, textiles, automobiles, ships, planes, plastics, and chemical products, to name a few of the U.S. industries that stand to gain, further helping the U.S. economy.

Along with increases in trade over the years, there is much cooperation in research and development between the United States and Israel. Many U.S. companies invest in Israel to take advantage of its high-tech R&D. Motorola, Intel, IBM, Digital, National Semiconductor and many other U.S. companies maintain R&D facilities in Israel, taking advantage of Israel's high-tech capabilities and helping the United States maintain its competitive edge in the high-tech field. Two of the most important technologies used in the world today were developed in Israel by U.S. companies which invest there. The first is the computer chip (286, 386 and 486) that is the heart of the most widely used personal computers today, and the second is major components of the cellular telephone. While these products were developed in Israel, the manufacturing and marketing takes place primarily in the United States. These are but two examples of many products developed in Israel and manufactured in the United States, creating thousands of American jobs and billions of dollars in sales each year.

In 1977, the United States and Israel established the Bi-National Research and Development (BIRD) Foundation. The total endowment established then for BIRD is \$110 million (each country providing equal resources). BIRD is completely self-sufficient, operating off the interest of the endowment and royalties paid from successful projects. BIRD provides grants to joint U.S.-Israeli research teams in the high-tech field. Grants are paid back, with interest not to exceed one-and-a-half times the original value of the grant, only if profits are shown from the R&D project. Since its inception, BIRD has invested more than \$90 million in over 320 high-tech R&D projects, each proposed by a joint U.S.-Israel partnership. To date, these projects have led to sales of nearly \$3 billion -- the majority from the United States, creating thousands of American jobs -- with accumulated royalties to be used for reinvestment totaling more than \$17 million. The tax revenue collected by the United States to date, as a direct result of BIRD-funded projects, has been more than \$200 million.

While BIRD has provided tremendous benefit to both the U.S. and Israeli economies, it could do more. Each year, BIRD turns away many projects due to lack of resources. With an increase in the endowment, BIRD could further help U.S. high-tech companies gain access to markets and technologies abroad.

In addition to BIRD, there is also the Bi-National Agricultural Research and Development (BARD) Foundation, which operates similarly to BIRD but for joint agricultural programs. Since its creation in 1978, BARD has funded hundreds of projects that have led to new technologies in the area of drip irrigation, pesticide, fish farming, livestock, poultry, disease control, and advancements in farm equipment, to name but a few. Sales of products developed under BARD have totaled more than \$580 million to date. Israel's advancements in drip irrigation have been of significant help to farmers in California, Texas, Arizona, and other areas in the United States that have experienced severe drought.

As is the case with BIRD, BARD turns away nearly 75% of the projects that the U.S. evaluators judge as beneficial to the U.S. agricultural industry due to lack of resources.

As the above examples illustrate, the economic benefits we receive from our relationship with Israel are increasing at a time when our economy can use it most.

II. ISRAEL'S NEED FOR AID

While U.S. assistance to Israel provides, as we have seen, solid benefits to our own country, Israel needs U.S. aid for its continued survival. U.S. military and economic aid safeguards Israel's security; sustains the peace process; bolsters the Israeli economy; and fosters immigrant absorption in Israel.

Safeguarding Israel's Security

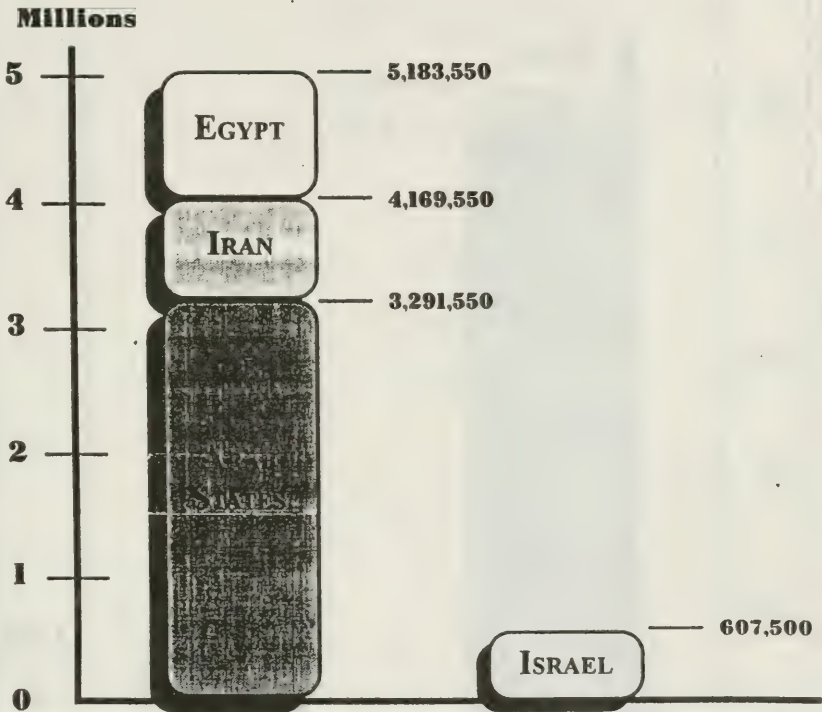
The Arab Military Buildup:

While Iraq's defeat in 1991 removed a horrifying threat from the region and should have reduced the need for new arms sales to the Middle East, the opposite has occurred in the past two years. The Arab states, joined by Iran, have resumed their previous pattern of large-scale arms procurement. In February, the massive IDEX arms show was held in the United Arab Emirates, a gathering at which arms merchants from around the world displayed their wares to the Arab world. The Arab states have placed orders for billions of dollars worth of new weapons each year, and have tens of billions of dollars more still in the pipeline from past years. In the last 20 years, since the Yom Kippur war, the leading Arab nations still in a state of war with Israel have spent about \$500 billion on their armed forces. U.S. arms sales in the region are increasing again. Even after the destruction of much Iraqi hardware, the Arab world and Iran now outnumber Israel eight-to-one in manpower (see Chart 1), seven-to-one in tanks and armored fighting vehicles (see Chart 2), and more than four-to-one in aircraft (see Chart 3). Many of the largest arms-importing countries in the world are nations actively hostile to Israel: Iraq, Iran, Libya, Syria, and Saudi Arabia.

Arab and Iranian Armed Forces Outnumber Israel's by More than 8:1

(Table 11)

1992 Figures

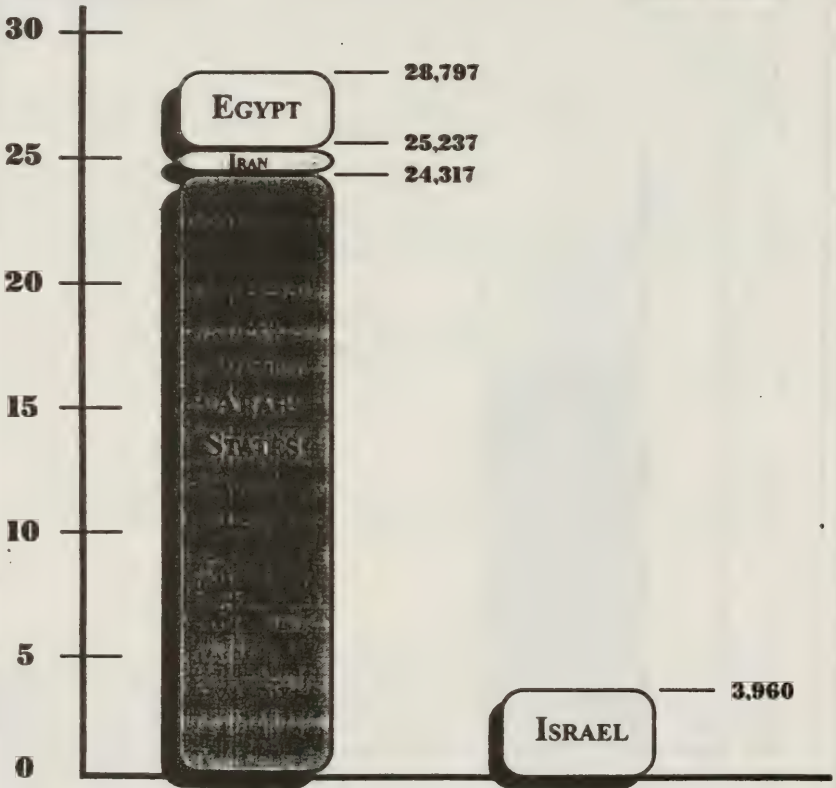
*Figures include reserve forces*Source: The Military Balance 1992-1993, The International Institute for Strategic Studies

Arab and Iranian Tanks and Armored Fighting Vehicles Outnumber Israel's by More than 7:1

(Table 10)

Thousands

1992 Figures

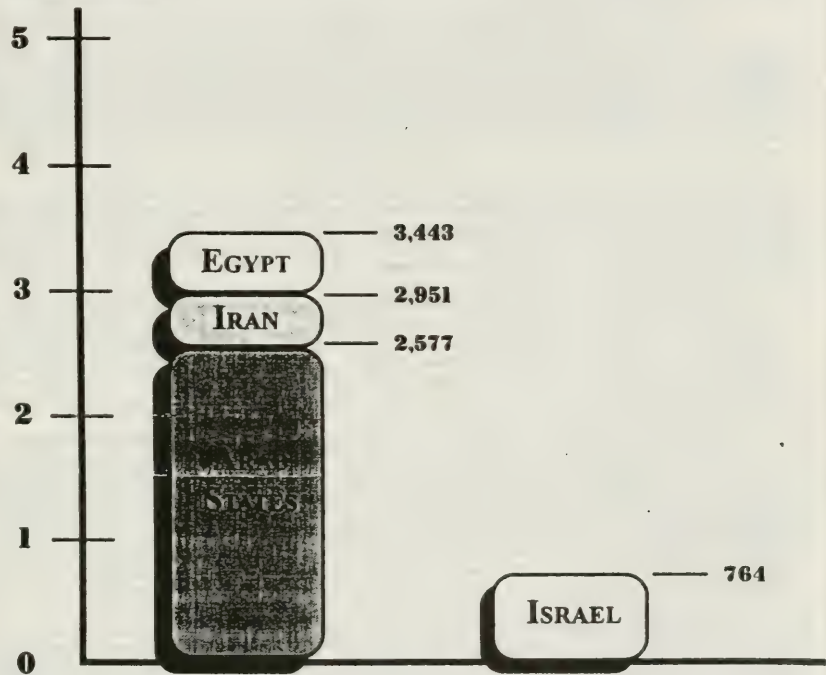
Source: The Military Balance 1992-1993, The International Institute for Strategic Studies

Arab and Iranian Combat Aircraft Outnumber Israel's by More than 4:1

(Table 8)

1992 Figures

Thousands



Source: The Military Balance 1992-1993, The International Institute for Strategic Studies

Until Operation Desert Storm, Iraq represented the largest single strategic threat to Israel. While Iraq remains a long-term security concern for the Jewish State, its defeat in 1991 has allowed Israel to focus more attention on the other radical states in the region.

Iran is rapidly becoming the most serious threat to stability in the Middle East and is swiftly developing the means to strike Israel. The radical Islamic regime has embarked on a large-scale military modernization program since the defeat of Iraq in Desert Storm, in a bid to become the dominant power in the Persian Gulf. From Bosnia to Sudan to Tajikistan, Tehran is also taking advantage of regional instability to promote its concept of radical Islamic fundamentalism. Iranian rearmament and military expansion, which started at the beginning of the 1990s and has gathered momentum ever since, represents the greatest single long-term threat to the region. It has publicly announced its intention to acquire nuclear weapons, and according to some reports, may have illegally obtained as many as four tactical nuclear warheads from Kazakhstan. Some reports indicate Iran may have six to ten separate facilities for developing nuclear weapons-related technology, and it has concluded agreements with Russia and China to obtain additional reactors. U.S. intelligence sources have publicly described Iran as also having active chemical and biological weapons programs. Until recently, however, Tehran has not had the means of reaching Israel with these deadly weapons. Now it appears Iran is on the verge of acquiring a new, accurate long-range missile from North Korea, known as the No-Dong I. This system will be able to hit Israel with unconventional weapons from a distance of 800 miles, and was tested by North Korea in late May.

Without more stringent limitations on technology exports to Iran by the United States and Europe, including pressure on Russia and China, the mistakes of the Iraq policy may be repeated and Tehran will become a nuclear weapons state by the late 1990s.

As part of its \$10 billion rearmament program, the Islamic Republic has been buying large quantities of tanks, advanced fighters, submarines and missile systems from eastern Europe, the former Soviet republics, China, and North Korea, in return for oil and gas. The Iranian Air Force has already integrated the best Iraqi fighters which it acquired during the Gulf war. One of the most alarming developments in 1992 was the announcement of a Russian-Iranian deal to sell the Islamic Republic 24 Tu-22M3 strategic bombers, capable of reaching targets throughout the Middle East, including Israel. Russian-made attack submarines have been purchased and are being delivered. Tehran is also acquiring production facilities for many of these arms, including assembly lines for T-72 tanks and perhaps MiG-29 fighters.

This buildup poses a long-term strategic threat to Israel, particularly if Iran obtains long-range ballistic missiles and strategic bombers. Even without these weapons, it is not safe to assume that Iran's threat to Israel is minimized by the distance between the two countries. Iran is playing an important role in Syria's military growth and may serve as a future strategic reserve for Damascus in the post-Soviet era. Iran's support of Hezbollah terrorism further increases the threat to Israel.

Syria continues its quest for "strategic parity" with Israel, and now has more troops, tanks, aircraft, and artillery than Israel. The Assad regime fields armed forces totalling over 400,000 men, with another 400,000 troops in reserve. Syria's arsenal includes over 4,000 modern tanks and some 600 sophisticated combat aircraft, including MiG-29 interceptors and Su-24 fighter-bombers. Syrian Scud ballistic missiles can carry chemical weapons, which the Syrians are manufacturing and stockpiling, while the accuracy of its SS-21 missiles increases Syria's "first-strike" attack capabilities against key Israeli installations, including air bases and mobilization points.

Syria received a financial windfall from the GCC states as payment for its nominal contribution in the Gulf crisis, totaling almost \$3 billion. Much of this has been spent on modern weaponry. Already, Syria has taken delivery, via Iran, of as many as 150 extended-range North Korean Scud-C missiles, and is reportedly building new launching sites for these weapons. This has more than doubled the size of Syria's ballistic missile arsenal and given it the ability to hit any point in Israel. Efforts to obtain even more advanced M-9 intermediate-range missiles from China are still underway. This coincides with an ongoing effort by Syria to stockpile chemical weapons. A major report in 1992 by expert Ken Timmerman indicated that at present, the Syrians can manufacture several hundred tons of chemical warfare agents per year at four separate production facilities. These can be deployed as warheads on Syria's ballistic missiles or bombs for its Su-24 strike bombers.

Additional tanks and combat aircraft are being obtained from the cash-starved former Soviet republics and eastern European states. Hundreds of new T-72 tanks have begun to arrive from the former Czechoslovakia and from Russia. Well over half of the Syrian tank corps now fields T-72s, and even more advanced ex-Soviet models may be obtained. Russia and Ukraine may also provide the Syrian Air Force with additional MiG-29 and Su-24 aircraft. SA-10 air-defense missiles, with similar capabilities to the Patriot's, are also being sought.

While the Assad regime can no longer look to Moscow as a strategic ally, this role is being partially filled by Iran, with which ties have grown steadily in recent years. Iran could become a strategic reserve for Syria in a new conflict with Israel.

Libya, despite its massive arsenal of Soviet-supplied weaponry, has until recently possessed only limited capability to directly attack Israel. Qaddafi has now acquired the capacity for aerial refueling, giving Libyan bombers the range to reach Israel. Libya, like Iran, has been dealing with North Korea to acquire its long-range No-Dong I ballistic missile, now under development. This will allow Qaddafi's regime to target Israel for the first time. Tripoli is also continuing to fund development of the shorter-range Otrag and Al-Fatih missiles. According to recent reports a second Libyan chemical plant is being built underground, in addition to the Rabta facility. Libya's current isolation makes it an even more unpredictable factor in the region.

In Iraq, Saddam Hussein's thirst for power and conquest engulfed the entire region in bloody warfare, and Israel was one of his prime targets. While much of Iraq's remaining arsenal of unconventional weaponry has already been destroyed, the regime has been playing a shell game with inspectors, using both evasion and intimidation to prevent the United Nations from locating the remainder. Iraq still remains a long-term concern for Israel's security. Saddam is still clearly bent on rearming Iraq. Unless sanctions are effectively maintained, Iraq could rebuild its former power in several years' time. Iraq's standing army is still one of the largest in the Middle East, totaling several hundred thousand troops. The army still has almost 30 divisions and the Republican Guards some half dozen divisions. Roughly 2,500 to 3,000 tanks and 400 combat aircraft remain in service.

Much of Iraq's chemical arsenal, nuclear facilities, and hundreds of mobile ballistic missiles survived the conflict intact and Saddam has continually resisted UN efforts to destroy them. Although Iraq was forced to destroy many of its remaining Al-Husayn and Al-Abbas Scud missiles, it has still been able to keep many hidden. Estimates on the number vary from 200 to 300 remaining missiles, with a limited number of launchers. The United States is especially concerned that Iraq may be able to restart its biological warfare program because of the difficulty in controlling the necessary manufacturing technology.

Saudi Arabia continues to order weapons on a massive scale, leading the Arab states in military expenditures. New arms agreements since the Gulf crisis have totaled almost \$25 billion, in spite of a short-term cash shortage. Saudi Arabia has purchased roughly \$50 billion in weapons and military construction from the United States in the last ten years, including sophisticated AWACS, advanced missile systems, and, most recently, 72 new top-of-the-line F-15s, which will have a major effect on the aerial military balance with Israel. This year the Saudis also finalized an agreement to purchase 48 Tornado strike bombers, even though these had been cited as an alternative to the U.S. F-15. The Saudi Navy is also undergoing a major expansion, as it seeks to acquire three new frigates from France or Canada as part of its Sawari modernization program.

While Saudi Arabia has not traditionally been thought of as a major player in past Arab aggressions against Israel, the massive expansion and modernization of its military during the past 15 years has given Riyadh the potential to play an important supporting role in a future conflict. The very fact that this capability now exists will bring pressure from other Arab states to join in a military coalition aimed at Israel. The Saudi armed forces gained confidence and experience during Operation Desert Storm, possibly making them an even more formidable potential threat for Israel.

The Arabs purchase these arms from dozens of different nations around the globe. The United States has been a major supplier, selling in recent years billions of dollars of military goods and services to avowed enemies of Israel. American sales of new weapon systems to hostile Arab nations have had a particularly profound impact on the military balance between Israel and those states because American technology is often superior to that of competing nations. These sales have significantly raised the cost to Israel of maintaining its own defenses, exacerbating the strain on Israel's economy; barring a change in American policy, they will continue to do so in the future. The old cry that if the United States does not sell arms, someone else will, is no longer valid. The previous Administration's Middle East arms control initiative produced few results; stronger efforts must be made by the Clinton Administration to curb the regional arms race.

Israel's Defense Needs:

U.S. assistance to Israel has a critical impact on the security of the Jewish state as it continues to face these military threats. While Israel will benefit in the short term from the reduction in Iraq's military capability, its vital margin of security nevertheless continues to erode. This results largely from the severe financial and budgetary shortfalls faced by the Government of Israel for a number of years. Indeed, the effects of recent years' defense budget cuts will continue to be felt well into the 1990s. Defense expenditures in coming years will continue to be limited and the Israel Defense Forces are facing the choice of canceling important projects or stretching them out over extended periods, thus driving up their ultimate cost. Just two days ago, the commander of Israel's tank corps stated that as a result of cuts in training and equipment, the capabilities of the IDF's reserve forces have diminished.

Despite the overall defense downsizing Israel is facing, a number of important steps were taken within the past year to offset the cutbacks. In the latter part of 1992, agreements were reached for Israel to receive U.S. military equipment, including Apache and Blackhawk helicopters, through a drawdown of U.S. stocks. The United States also agreed to preposition advanced munitions in Israel. The IDF also is buying additional Apaches and MLRS artillery with its security assistance allotment. Further, in order to avoid the situation during the Gulf War in which there was a delay of several minutes in transmitting warnings of an incoming Scud missile attacks from U.S. satellites to Israel, the two allies have agreed that Israel will have a direct communications downlink from U.S. early warning systems during future crises.

Still, Israel's ability to fund its defense requirements faces some daunting challenges. The austerity measures have cut Israel's defense spending by about 20 percent in a two-year period. The Israeli defense budget has shrunk from 10% of Israel's GNP in 1986 to 7.2% in 1993. National defense now represents roughly 17% of the budget, and faces increasing competition because of the demands of immigrant absorption. While Israeli military planners have attempted to make the cuts without eroding Israel's narrow margin of safety, reductions of this magnitude have, inevitably, added to the element of risk in many areas.

The IDF has revised its multi-year budget and procurement plans in light of the continuing financial crunch, exacerbated by the costs associated with the Persian Gulf war. Among the options the Israeli military is being forced to consider are a further reduction in the size of the IDF, including retraining professional soldiers and dismissing civilian staff, cutting back on the number of annual days for reserve duty, reducing investment

in day-to-day security within Israel and the territories, canceling R&D projects, and disbanding various commands within the IDF. The IDF's Chief of Staff, Lieutenant General Ehud Barak, stated that the defense cutbacks are leading to reductions in tanks, mechanized artillery, aircraft, and training of reserves.

In recent years, active combat units have been disbanded, reduced in size, or converted into reserve formations. Aircraft have been mothballed. This has decreased the number and size of army brigades and air force squadrons available to meet a surprise attack. This means a serious decline in Israel's visible deterrent capability as well as a decline in its war-fighting ability.

Thousands of active duty military personnel have been released from the IDF. Pay cuts and personnel releases have produced an exodus of highly trained and motivated professionals. Three to four thousand military and civilian personnel of the IDF will have to retire in the next few years. Ammunition and equipment stockpiles have suffered deep cuts in order to lessen the impact of reductions in other areas.

As a result of this downsizing, the multi-year plan calls for funds to be diverted towards defense research & development. But as relayed in past years, expenditures on R&D have also been curtailed. This has diminished Israel's ability to develop and produce the unique new weapons and countermeasures needed to confront increasingly sophisticated weapons entering Arab arsenals. This in turn reduces Israel's qualitative advantage over its opponents. Increasingly Israel will have to count on its own technologies to stay ahead of its adversaries, as the West is more willing to sell Arab states weaponry matching that of Israel. Within the past several years, Israeli defense industries were forced to reduce their staffs and plant facilities and thus are less able to support Israel's military needs. Israel Military Industries (TAAS), Rafael, and Israel Aircraft Industries, the country's leading defense manufacturers, have been especially hard-hit. Increasing the level of joint U.S.-Israeli R&D programs is one area that would thus be mutually advantageous.

These ongoing reductions in Israel's defense resources continue to make American Foreign Military Financing (FMF) aid to Israel a vital component of that nation's ability to defend itself and thus maintain stability in the region. In order for Israel's qualitative edge to be maintained, it is paramount that the United States continue current levels of security assistance. The real value of this aid has declined due to inflation and rising costs of U.S. weapon systems by over 30%. In particular, this assistance will help to further upgrade Israel's air force -- whose margin of superiority over its adversaries remains the cornerstone of Israel's security doctrine -- particularly through the acquisition of additional fighter aircraft. The Israeli Air Force is expected to choose between the U.S. F-16 and F/A-18 for its next fighter purchase this year.

One longstanding and vital feature of Israel's security assistance is the off-shore procurement (OSP) component, which allows Israel to spend a small percentage of its military aid in Israel. This is important to both nations, primarily because it helps preserve Israel's qualitative edge. Israel increasingly perceives its ability to stay technologically ahead of its potential adversaries as primarily dependent upon its own resources and capabilities. OSP increases Israel's defense self-sufficiency by maintaining the viability of its military industries.

One vital measure that would counter the erosion of Israel's deterrent capabilities would be the upgrading of Israel's status to that of our NATO allies on issues of technology cooperation. President Clinton, in a March 31 letter of reply to Senator Connie Mack, indicated he had assured Prime Minister Rabin that technology transfers to Israel would be evaluated according to the same criteria as NATO members. In addition, releasing additional excess U.S. defense articles, such as F-16 fighters, to the IAF would help fulfill America's commitment to Israel's qualitative edge.

For the foreseeable future, Israel continues to face long-term reductions in the size of its military forces. What is lost in quantity must be made up in the qualitative enhancements provided through the development and use of advanced technologies. Both domestic development and foreign acquisition of these technologies are expensive, but vital if Israel is to maintain its military edge and thus remain a stable deterrent against potential adversaries whose capabilities continue to grow.

Today, I come before you to ask that you take the very serious security risks facing Israel into account when you consider the level of aid to Israel for FY 1994. What this Subcommittee does will have a direct impact on Israel's security, in a situation where there is much less room for error than in the past. Moreover, any reduction in aid will send the wrong signal to Israel's enemies.

Sustaining the Peace Process

A close relationship between the United States and Israel is critical to sustaining the Middle East peace process because, experience shows, progress is achieved in negotiations only when there is close cooperation and coordination between the two countries. Of course, U.S. military and economic assistance to Israel is a vital component of the close bilateral relationship, and President Clinton and Secretary of State Christopher have both appropriately spoken out in support of the current levels of assistance to Israel in the context of the peace process. As I mentioned in my introduction, President Clinton has stated -- and Secretary Christopher concurred at his confirmation hearings -- that "this vital aid encourages long-term stability in the region and demonstrates our commitment to Israel's sovereignty and security." Conversely, tensions between the United States and Israel undermine the foundations of the peace process and reduce the chances that progress will be achieved.

This basic principle -- that U.S.-Israeli cooperation advances peace while tensions undermine it -- is true for three reasons:

(1) Israel must have confidence in the United States to take the risks for peace sought by American officials. Long and bitter experience has convinced the Israeli public that it cannot rely on Arab goodwill and sincerity, nor on support from other great powers. Only when the United States is seen as a reliable ally in the process has it been possible to create an Israeli consensus for agreements that entail major elements of risk, like the agreements Prime Minister Rabin is working to consummate with Israel's interlocutors in the Madrid bilateral negotiations. General Colin Powell, Chairman of the Joint Chiefs of Staff, has said, "An Israel that is strong and secure is an Israel that can participate in the peace process with confidence and security."

(2) Arab incentives to move forward in the peace process also depend on the perception that the U.S.-Israel alliance is an immutable bond that cannot be severed. Arab radicals are dissuaded from the alternative of the war option only when they believe that American support for Israel makes military success too risky, and Arab moderates are not attracted to direct negotiations with Israel if they think that the alternative path of pressuring the United States to "deliver" Israel has any chance of success. An Arab rejectionist codified this as the principle that, "The road to the liberation of Palestine runs through Washington." To combat such reasoning, Secretary of State Christopher said in Jerusalem last week when asked about Palestinian demands regarding Israel's handling of the Hamas removal issue, "I'm not in the business of pressuring the Israelis to do anything. It's a Government that takes action in its own interest." As I stated above, Christopher also told reporters he believes the Rabin Government is doing "all it can" to achieve a just and lasting peace with security and acceptance from Israel's neighbors.

(3) The United States' effectiveness as an intermediary -- and no past success in Arab-Israeli peacemaking was achieved without the good offices of the United States -- depends on its close relationship with Israel. This enables the Arabs to look to America as the one outside party that has influence in Jerusalem, and it enables the Israelis to trust the United States in a world that is often hostile.

Long experience in the peace process has demonstrated the truth of these principles, in each of the major past successes of the peace process. For example:

(1) The 1979 peace treaty between Egypt and Israel following the Camp David accords was made possible primarily because the Government of Israel decided to take the military risk of surrendering the Sinai's critical Gidi and Mitla passes as well as the vital airbases, and the economic risk of sacrificing the Sinai's oil fields that had given Israel energy independence. Israel took this decision knowing that this would have the effect of increasing Israel's economic and strategic dependence on the United States. Prime Minister Begin made the decision on the basis of his confidence in U.S. assurances that: (a) Washington would consult with Israel in case of Egyptian violations; (b) would assure the security of Israel's access to oil for 15 years; (c) would provide a supervisory force for Sinai in the event the U.N. refused to cooperate with the treaty; and (d) would help to offset the added economic cost of Israel's defense and its oil imports that would result from surrendering the Sinai. Without this confidence in American assurances, Israel could not have taken the step that transformed the region and laid the foundation for all subsequent progress.

(2) The September 1975 Sinai II agreement between Egypt and Israel, which laid the basis for what became Camp David, also depended on Israeli confidence in the United States. Negotiating just two years after Egypt and Syria launched a surprise attack that shook Israel's security and took many lives, Israelis had little faith in Egyptian intentions. In the Spring of 1975, the Ford Administration had further eroded Israeli confidence by ordering a "reassessment" of U.S.-Israeli relations because of differences on the peace process. But in May 1975, 76 members of the U.S. Senate put things back on track through a letter to President Ford taking the Administration to task for undermining Israeli confidence, saying, "We urge you to make it clear... that the United States, acting in its own interests, stands with Israel in the search for peace... Preserving the peace requires that Israel obtain a level of military and economic support adequate to deter a renewal of war by Israel's neighbors." Spurred by the Senate, the Administration shifted gears, and in September achieved a historic breakthrough by offering Israel a list of assurances to offset the risks of the partial withdrawal in Sinai. The assurances included being "fully responsive...to Israel's...defense requirements," concluding a contingency plan for emergency military supplies, guaranteeing access to energy supplies, consulting on possible U.S. remedial action in the event of Egyptian violations, and commitments related to the subsequent diplomatic steps the United States would or would not support. This case illustrates first the negative effect of undermining Israeli confidence in America, and later the positive effect of restoring it. It also shows how close U.S.-Israel cooperation can partly offset the Israeli public's lack of confidence in the sincerity of an Arab party's commitments in a peace negotiation, and how Congress can advance peace by serving as the bedrock of the U.S.-Israel relationship and putting the Administration back on track when it loses its compass.

(3) The 1974 Israel-Syria disengagement agreement -- the only agreement ever concluded between these two countries since 1949 -- involved an Arab government in which Israel had no confidence. The decision to withdraw from Kuneitra and other parts of the Golan Heights was facilitated by American assurances dealing with the possibility of future Syrian violations of the ceasefire and Israel's right of self-defense in the event that Syria permitted terrorist raids across the border. The agreement itself was achieved through cooperation between the Government of Israel and Secretary of State Henry Kissinger; Kissinger first found out what Israel was prepared to do, then "sold" it to the Syrians. Kissinger might not have succeeded had he not convinced President Nixon to drop another approach Nixon was considering, an idea to condition U.S. aid on Israeli concessions.

Conversely, American peace initiatives that are not built on the foundation of close cooperation with Israel invariably founder. This was the case with the Rogers Plan in 1969, the Reagan Plan in 1982, and the Shultz initiative in 1988, all of which failed in spite of the great energy put behind them by the Administrations of the time.

A historic example provides the clearest illustration of how tensions between the United States and Israel undermine the peace process by eroding Israeli confidence and inflating Arab expectations that the United States will "deliver" Israel. In October 1956, Britain, France, and Israel, responding to bellicose actions by Nasser, launched operations against Egyptian targets, leading to Israel's first capture of the Sinai. President Eisenhower adamantly opposed the allies' actions, and used the threat of American sanctions against Israel to force Prime Minister Ben-Gurion to return the Sinai to Nasser without a peace agreement. Eisenhower's diktat electrified the Arab world, and immediately became the prime example used by Arab statesmen and commentators to show that the United States could "deliver" Israel if it wanted to. From that day forward, Eisenhower's diktat was cited endlessly by Arab rejectionists as their preferred model of how the diplomacy of the Middle East ought to work: The United States should use the threat of U.S. sanctions to force Israel to accept Arab terms. But the Arab fascination with this "model" may also have played an important role in the fact that, for almost twenty years following Eisenhower's move—that is, from 1957 to 1977 — no Arab state agreed to sit down with Israel for direct bilateral negotiations. Until 1974, there was no real peace process, and no solid diplomatic agreements were achieved. Almost two decades of barren diplomacy testify to the sterility of the "pressure" school and the reality that close relations between the United States and Israel are a prerequisite for progress in the peace process. Worse yet, Eisenhower's actions may have helped to plant the seeds that led Nasser to the war option a decade later.

When American actions remind the Arabs of the "Eisenhower model," direct negotiations for peace are undermined. When the United States proceeds on the proven principle that close coordination between the United States and Israel — including U.S. military and economic assistance to Israel as needed — is the foundation of the peace process, real opportunities for progress emerge. In its first months the Clinton Administration has upheld this principle, and I am hopeful that the Congress will do as well by accepting the President's FY 1994 Israel aid request and by taking other steps to nurture the U.S.-Israel relationship.

Bolstering Israel's Economy

Israel and the United States cooperated in the bold and successful initiative to release Israel's economy from the severe distress it was suffering in the mid-1980s.

Over the past several years, Israel has demonstrated how U.S. foreign assistance, in combination with strong and well-conceived corrective measures in the economy, can turn economic difficulty into an opportunity for recovery. Israel's recovery program has included some of the toughest austerity measures ever imposed by a democracy. The Congress, the people, and the President of the United States were partners in this process, because a critical ingredient has been U.S. economic assistance. U.S. aid was the decisive safety net required to undertake such a bold initiative.

Capital market reform is now progressing at an unprecedented pace and has led to a 60% increase in the Tel Aviv Stock Exchange last year. Israel continues to move down the long road of privatizing government-owned companies. Since last year, the Israeli government sold off more than \$575 million in government-controlled assets. This year, it has already sold more than \$300 million and is preparing many more companies to be put on the block as well including Israeli Rail, the Postal Authority, Israel Shipyards and ZIM shipping company. Also, Israel begun the process of liquidating government shares in the nation's major banks.

The Government of Israel has cut its budget deficit by more than 50% over the last two years to 3.2% of the GDP. The FY93 Israeli budget cut spending in defense, housing, and consumer subsidies.

All of these measures are bold steps, as they entail some disruption in the economy at a time when it is heavily strained by immigration. By addressing the economy's underlying problems rather than taking more expedient, short-term steps, Israel has demonstrated its willingness to weather short-term discomfort for the sake of long-term gain.

There are clear signs that these economic reforms are paying off. The Israeli economy is at the start of an era of accelerated growth. For the last three years, Israel's GDP has grown by 5% annually, higher than any other nation in the industrialized world, while inflation has been kept to historic lows — 9.4% last year.

The recent implementation of loan guarantees has already had a significant impact on the Israeli economy. These funds will help with the great need for foreign capital to help cover the temporary deficit in the balance of payments as a result of increased imports. This increase in imports is due to the recent influx of immigrants. The greatest percentage of the imports comes from the United States.

In addition, the loan guarantees have had a significant effect on Israel's economy in three ways. First, in 1991, when it appeared the United States would not provide guarantees, private banks virtually froze lending levels to Israel. Upon passage of the guarantees, the private sector showed a level of interest in the Israeli economy never seen before. Today, more banks are lending to Israel at higher levels than ever before. This demonstrated how strongly the private sector values the U.S. commitment to Israel's economy.

The second major impact passage of the guarantees had was the signal it sent to other Western countries, which have been waiting for the U.S. to extend loan guarantees to Israel before they signed off on immigrant absorption aid packages of their own.

The third, and perhaps most important effect of the guarantees was the message it sent to the Jews in the Former Soviet Union. While the loan guarantees were stalled, Israel's ability to absorb the new immigrants economically was strained, particularly in providing employment. This caused concern among potential

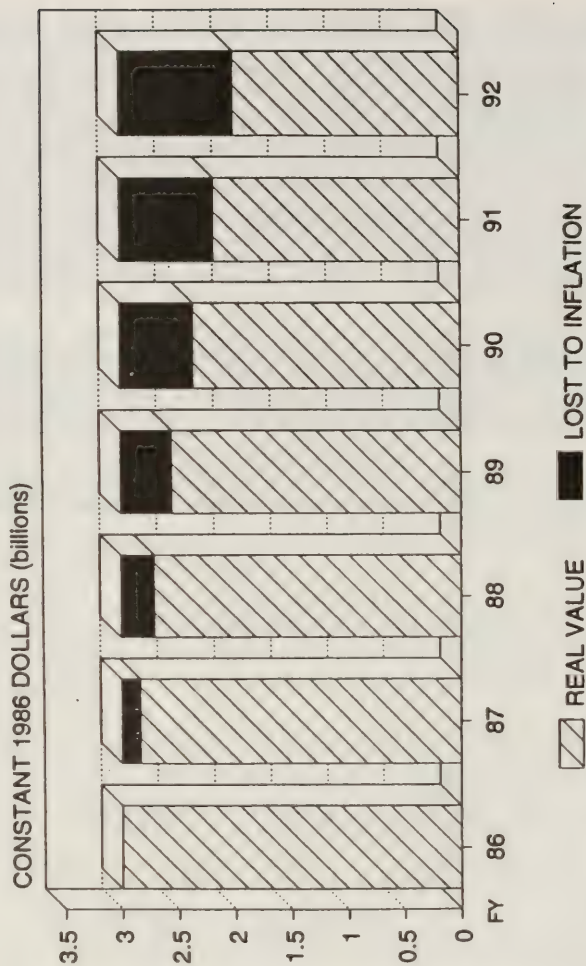
immigrants and led to a temporary halt in immigration. Since the passage of the loan guarantees, immigrant unemployment in Israel has been cut in half and the number of new immigrants has increased.

Israel has the ability to service large increases in foreign debt. Israel's current foreign debt situation is very favorable. External debt is 30% of GDP, down from nearly 80% in 1985. With an estimated additional \$20 billion in foreign debt over the next 5 to 7 years, Israel's foreign debt will still be easily serviced. The growth of exports and overall increases in the GDP will more than make up for the additional annual foreign-debt payments. The U.S. General Accounting Office (GAO) stated in a report released in February, 1992: "We believe that if Congress authorizes the \$10 billion in loan guarantees requested by the Israeli government, the Israeli government will likely be able to fully service its external debt and to continue its past record of payment." Dr. Stanley Fischer, former Chief Economist for the World Bank, stated last year before Congress: "Israel is an excellent credit risk, with an unblemished record of servicing its debt in far more difficult conditions than it is likely to face in the future... The single best predictor of the likelihood that a country will default is whether it has done so before... A country that has demonstrated the willingness and ability to implement the needed measures when it experiences balance of payments problems -- as Israel has -- is that much more credible as a good credit risk."

The challenge for the United States is to continue to support, reinforce, and accelerate growth in the Israeli economy while encouraging continued economic reforms. Currently, aid to Israel is primarily defense-related, used either to purchase military equipment or to help service debt used to purchase military equipment in the past. This aid is vital to maintaining Israel's qualitative edge and to ease the extraordinary high economic burden of defense. At the same time, the aid enables Israel to free other funds for the improvement of the economy and the absorption of immigrants, a humanitarian venture in which Israel must not be allowed to fail.

Although the nominal level of aid to Israel has remained steady for seven years, the real value of that aid has declined. There has been a constant erosion in the value of Economic Support Funds (ESF) and Foreign Military Funds (FMF) credits to all aid recipients. Due to inflation, our aid package to Israel has eroded in value by over \$1 billion since 1986 (see Chart 4).

INFLATIONARY EROSION OF U.S. AID TO ISRAEL



CUMULATIVE LOSS TO INFLATION FROM 1986 TO 1992 = \$3.4BN

Inflation rate source: U.S. Department of Commerce

Fostering Immigrant Absorption

As a result of the successful efforts by the U.S. Congress and Administration in winning the freedom of Jews throughout the world, Israel will be absorbing an estimated one million immigrants over the next 3-5 years -- a extraordinary population increase of more than 20 percent. This is an unprecedented challenge, equivalent to the United States absorbing 50 million new immigrants. Nearly 500,000 immigrants have arrived in Israel since late 1989, boosting its population by 12 percent. Israel took in 200,000 immigrants in 1990, 170,500 in 1991, and 76,500 in 1992. Immigration estimates for 1993 vary from 120,000 to 150,000.

The colossal immigration wave has presented Israel with a great blessing as well as an enormous challenge. Socially, politically, and culturally, the new immigrants will have little trouble adjusting to their new home. The greatest challenge lies in their economic absorption. In the short run, the burden on the economy is great. In the long run, this massive immigration will indeed be the most prominent factor accelerating economic growth in Israel for many years to come.

The new immigrant who reached Israel last night may not yet be part of its productive economy, but he quickly joins the consuming public. This immediately affects the market. It has already stimulated a large volume of expansion in the construction and various manufacturing industries. Building starts in 1990 were up approximately 50% ahead of 1989. The demand in the housing sector is so strong that the Ministry of Housing has imported thousands of pre-fabricated, modular and mobile homes, mainly from the United States.

The cost of absorbing these new immigrants will be great. Israel will have to expand its infrastructure to accommodate the increase in size of the population. Large investments will be needed in housing, transportation, education, job training, job creation, and many other areas to handle the population increase. Israel's government spent 24% of its 1992 budget on absorption, compared to 7.6% in 1990. Over the next five years, Israel will devote a staggering \$60 to \$70 billion toward the absorption of these new immigrants.

Most of the cost will be borne by domestic Israeli sources, and contributions from world Jewry. This year alone, world Jewry will raise more than \$3 billion to assist in immigrant absorption (Israel Bonds: \$1.5 billion; United Jewish Appeal: \$1 billion; Jewish Welfare Federation Guarantees: \$750 million). However, at least \$20 billion will be required in foreign capital. Israel will raise one half of that amount in the United States through the absorption loan guarantees.

If proper financing is forthcoming, the real power of Israel's economic potential will be realized and immigrant absorption will be a success. Israel's economy has expanded with every wave of immigration, and all indications are that the current inflow will be no exception. The United States, whose economy also expanded dramatically after each wave of immigration, has never had an influx of this magnitude.

The levels of educational and technical skill of the immigrants far exceed those of the Israeli population, which already are among the highest in the world. 40% of all Soviet immigrants hold at least one university degree. More than 25% of those degrees are in engineering and architecture.

As a percentage of population, there are more than 13 times the number of engineers and architects among the immigrants than there are in the existing Israeli population, twice as many technicians, and six times as many physicians. This will lead to a significant increase in the productivity of the business sector, especially in the high-tech, research and development, and other export-oriented industries, if the proper levels of investment are made.

Israel's ability to acquire long-term financing is hampered by its credit rating in the private sector, which is determined primarily by geopolitical rather than economic factors. While Israel's rating has recently been upgraded by Standard and Poor's to a solid BBB investment grade, it would be much higher still if based on economic factors alone rather than on the risks emanating from Israel's hostile neighborhood. The expected further progress in the peace process should help alleviate the investment community's concerns.

Israel has an impeccable record of paying back its foreign debt. Thanks to this record, as well as the present state of the Israeli economy and the effects immigration will have, there should be no doubt about Israel's ability to repay additional loans. By conventional methods of financing, Israel will be forced to take high-interest loans, with maturities of five to seven years. While such loan terms may be suitable for corporate investment, they defy the very nature of immigrant absorption. The benefits to the Israeli economy will be realized over a period of ten or more years -- after the immigrants have been fully integrated into the workforce and society.

Amidst the arrival of tens of thousands of refugees on regular flights, behind-the-scenes rescue operations in war-torn regions of Central Europe, the Caucasus, and the former Muslim republics have continued. These airlifts are bringing refugees to Israel almost daily, while acute absorption difficulties, principally Israel's highest-ever unemployment rate, continue to mount.

As the full scope of the atrocities in the former Yugoslavia unfolds, Israeli rescue missions in strife-ridden Sarajevo have accelerated. To date, approximately 10% of former Yugoslavia's Jewish community, including more than 600 adults and over 200 children from Croatia and Bosnia-Herzegovina, have been transported to Israel in 8 rescue missions. These operations have also included the rescue of Bosnian Muslims, Serbs, and Croatian refugees. In February, 84 Muslim Bosnian refugees were brought to Israel, where they will remain until the fighting ends in their home country.

Israel's Ethiopian community has more than doubled to 51,000 following the heroic airlift (Operation Solomon) of 14,000 Ethiopian Jews from Addis Ababa in May 1991. Some 8,000 were brought in after the rescue operation. Only a few hundred remain, most in extremely remote locations accessible only by foot. The arrival of 7,000-8,000 Falashmora -- Jews who converted to Christianity -- is expected to boost the 2,000 already in Israel in the near future.

As the economic and political situation worsens in the former Soviet Union, Israel is bracing for the possibility of new waves of refugees. Approximately 75% of the 1.6 million Jews officially registered in the former Soviet Union have requested permission to emigrate.

Unofficial estimates of the Jews remaining in the 15 former republics are as high as 3 million. Among them, approximately 90% of 250,000 Jews living in the former Muslim republics have taken the first steps toward immigration.

Periods of general upheaval in Russia have historically been accompanied by rising anti-Semitism. As conditions in the successor states continue to deteriorate, the Jewish minority remains at risk. Ethnic violence coupled with Islamic fundamentalism in Central Asia and the Caucasus has serious implications for the 250,000 Jews who live in those areas. Anti-Semitic incidents have been reported in several regions, particularly in Uzbekistan, Tajikistan, and Azerbaijan.

Nationalist groups such as Pamyat remain active and have grown in strength as instability persists. Anti-Semitic publications are increasing in quantity and virulence while incidents of "street" anti-Semitism are consistently reported throughout all areas of the former Soviet Union. These portents of disaster make it imperative that Israel possess the means to successfully absorb Jews who need to leave.

III. CONCLUSION

Let me sum up, Mr. Chairman, the conclusions of my testimony. U.S. aid to Israel has been a wise investment, because Israel is our one democratic friend and most reliable ally in a critical region of the world. But this year aid to Israel is particularly important for several reasons.

The first is to advance the peace process, which the new Rabin government invigorated last summer and which holds out unprecedented promise for Israeli-Arab peace agreements. Israel must feel confident of American support and commitment as it takes risks for peace, the achievement of which will contribute to regional stability and prosperity.

The second is to maintain Israel's security. U.S. aid is indispensable to prevent any further erosion in Israel's narrow margin of security in a situation where its forces have been cut while those of its adversaries -- despite Desert Storm -- continue their rapid growth. Moreover, in this era of concern over allied burden-sharing, it is important to remember that while we devote roughly \$170 billion to the defense of NATO, whose members spend an average of only five percent of the GDP on defense, Israel spends 30 percent of its GDP on defense.

The third reason aid is particularly important this year is to stay the course on the economic recovery and growth program on which Israel has embarked. This is no time to reduce our effort.

Another reason aid is crucial this year is to help enable Israel to meet the challenge of continuing to absorb hundreds of thousands of new immigrants, mostly from the former Soviet Union.

Mr. Chairman, I thank you for the strong friendship you, this Subcommittee, and the Congress, have demonstrated toward Israel, and for the opportunity you have provided me to explain the importance of FY 1994 aid to Israel and to America.

STATEMENT OF RANDA FAHME, ON BEHALF OF THE NATIONAL ASSOCIATION OF ARAB AMERICANS

Senator FEINSTEIN. Ms. Fahme.

Ms. FAHME. Thank you, Madam Chairman. On behalf of the National Association of Arab Americans, I welcome this opportunity to testify before the distinguished subcommittee on the Middle East portion of the administration's fiscal year 1994 request.

Our position on the specifics of the Clinton administration's request is detailed in our written testimony, submitted to this subcommittee for the record. However, I would like to focus my remarks on three issues, which are central to our written testimony.

Senator, as you know, the 1992 elections have demonstrated that the American people are ready for change, and they demand change. Opposition to foreign aid, within the general public, has be-

come pervasive and widespread. We agree with the congressional calls, calling, urging that Congress take a serious look at the whole foreign aid process, with an aim toward reforming, improving and streamlining the system; and ensuring an equitable distribution of U.S. aid to a wide range of recipients.

In doing so, it is crucial that no country, without exception, should be immune from facing the necessary cuts in foreign aid. It is important that, in the face of overwhelming pressures to reduce the foreign aid budget, cuts be allocated fairly and proportionately.

We strongly disagree, for example, with Prime Minister Rabin, who asserted on February 8, 1993, that: "Israel has a right, more than a right" to the full amount of United States assistance, which it has received in the past few years. No nation, Arab, Jewish, or otherwise, should view United States aid as an entitlement.

By the same token, we disagree with the cuts requested by the Clinton administration, precisely because they lack fairness and proportionality. For example, Jordan is slated to undergo a 54-percent cut; Morocco, a 39-percent reduction; Oman, a 66-percent reduction; and of course, as Mr. Mokhiber mentioned, the American Schools and Hospitals Abroad is slated to go under a 100-percent reduction, totally eliminating this most urgent and important program.

I would also like to take this opportunity to respond to a report by the Baltimore Jewish Times of May 28, 1993, which questions the support of Arab Americans for Egypt and its share of United States foreign aid. The news report quotes a Democratic legislator as saying: "The impression I get is that the Arab-American groups are not particularly pro-Egyptian." With all due respect to this legislator, he or she is simply dead wrong. All he or she has to do is take a look at our annual testimony and policy statements on this issue for the past 20 years, to realize that we have solid support for Egypt and for its share of more than \$2 billion in United States aid.

Senator, I would also like to take this opportunity to publicly request that this subcommittee give serious consideration to the establishment of a peace and reconstruction fund, in the context of the ongoing Middle East peace process. This fund, initiated by the United States and supported by our industrial partners, European, and Arab allies, would be used to encourage the peace talks, and support the implementation of agreements between the parties in both the transitional and final status stages. As an example, we would like to propose seed money of \$100 million by the United States, to add additional with all our partners to \$1, \$1.5 billion.

Frankly, Madam Chairman, the disastrous economic conditions in the occupied territories and the West Bank constitute a serious threat to the talks, and might lead to their disruption unless we begin to tackle this problem urgently. For example, seven to eight members of the Palestinian delegation to the peace talks are also members of academic institutions in the West Bank and occupied territories. They have undergone a 50-percent reduction in salary. How can one continue to negotiate, when their own personal effects and their own personal situations are being affected by the situation in the territories?

PREPARED STATEMENT

The fund that we are proposing also could be used to assist, as Mr. Mokhiber mentioned, in the reconstruction of Lebanon. After the 18 to 20 years of civil war and destruction, it is most urgently needed in that region of the world. Thank you very much.

Senator FEINSTEIN. Thank you very much, Ms. Fahme. And gentlemen. Thank you very much for your comments on what is a very difficult question.

[The statement follows:]

STATEMENT OF KHALIL E. JAHSHAN, EXECUTIVE DIRECTOR OF
THE NATIONAL ASSOCIATION OF ARAB AMERICANS

The National Association of Arab Americans (NAAA) welcomes this opportunity to present written testimony to this distinguished panel on the Middle East portion of the Fiscal Year 1994 foreign aid request. As the principal lobbying organization of the Arab-American community, NAAA believes that strong and mutually beneficial relations between the United States and the Arab countries are in the U.S. national interest. The foreign assistance programs that the United States has implemented in the Arab world have done much to strengthen and solidify such relations, and we offer our strong support, in principle, for foreign aid as a means of enhancing U.S. national interests around the world.

We commend this Subcommittee for the serious and responsible efforts it has made over the years — in the face of severe budgetary constraints and political sensitivity — to authorize U.S. aid at levels which will promote development and improve the well-being of the largest number of recipient countries possible. At the same time, we believe that there is substantial room for improvement in the manner in which aid is allocated.

Mr. Chairman, the 1992 elections demonstrated that the American people are ready for and demand change. Opposition to foreign aid within the general public has become pervasive and widespread. We believe that it is time to take a serious look at that process with an aim toward reforming, improving and streamlining the system and ensuring an equitable distribution of U.S. aid to a wide range of deserving nations. In so doing, it is crucial that no aspect of the system should avoid scrutiny or escape reform.

Such an overhaul should be based on the following considerations:

- **No country, without exception, should be immune from facing cuts in foreign aid.** It is important that, in the face of overwhelming pressures to reduce the foreign aid budget, cuts be allocated fairly and proportionally. We strongly disagree, for example, with Israeli Prime Minister Yitzhak Rabin, who asserted on February 8 that "Israel has the right, more than a right," to the full amount of U.S. assistance which it has received for the past few years. No nation should view U.S. aid as an entitlement.
- **The practice of earmarking the vast majority of aid dollars for certain favored countries should end.** Foreign aid earmarking has been used, all too often, not to ensure that all recipients receive their fair share of desperately needed assistance dollars, but rather to protect certain favored nations from sharing in the burdens associated with a shrinking foreign aid budget. As a result of this political practice, many necessary but unprotected assistance programs worldwide have been reduced or terminated as aggregate funding levels for U.S. foreign aid have declined. A more equitable distribution of U.S. aid to a wide range of deserving nations would be much more successful in promoting U.S. interests worldwide.
- **Aid should be provided only for specific projects or programs which demonstrably will have a beneficial impact on the development and well-being of the recipient country.** We oppose giving lump sums of aid to any country without full accountability and close oversight. Congress should review the impact that individual aid programs have had on recipient countries.

- **An optimal disbursal of aid dollars would increase the proportion of economic aid in the total assistance package and decrease the emphasis on military hardware.** While the legitimate defense needs of friends and allies can and should be addressed, the emphasis of the foreign aid program must be on economic development.
- **There should also be an unmistakable and unavoidable linkage of U.S. foreign assistance to the human rights policies of a recipient country.** Section 116 of the Foreign Assistance Act of 1961 specifically proscribed U.S. assistance to countries which engage in "a consistent pattern of gross violations of internationally recognized human rights." It should be enforced.

Relations with the Arab World

The foreign policy objectives and priorities of the Clinton Administration with respect to the Middle East are yet to be fully outlined. We are pleased, however, that Secretary of State Warren Christopher embarked on an extensive trip to the Middle East early in his term of office, and we hope that his initiative will contribute to the ongoing search for peace and regional cooperation between Arabs and Israelis. Rightly or wrongly, there has been a perception in much of the Arab world that the Clinton Administration is much more partial to Israel than its predecessor and that this bias will be demonstrated in its approach to the peace process. Secretary Christopher's visit and his subsequent efforts on behalf of the peace process have begun to alleviate — though not dispel — that perception.

NAAA enthusiastically supports the ongoing Middle East peace talks and earnestly hopes that the Clinton Administration will succeed in leading the parties to find a comprehensive, just, and lasting solution to the Arab-Israeli conflict. As Americans of Arab descent, our members yearn for an era in which all peoples in the Middle East can live in a stable and peaceful environment. Successful negotiations between the parties will require a true measure of compromise on all sides. Conversely, any formula that addresses the concerns of one side to the exclusion of the other is doomed to fail.

The active and impartial involvement of the Clinton Administration in the peace process is an indispensable ingredient for a successful conclusion of negotiations. If the peace process is to continue and succeed, the Clinton Administration must devote its full attention to promoting a viable and comprehensive process that will equitably balance Israel's legitimate security needs with Palestinian national rights.

Events in the past year have, in our view, substantially diminished the prospects for peace in the Middle East. The expulsion by Israel of 415 Palestinians from the Occupied Territories in defiance of its obligations under the Fourth Geneva Convention of 1949 dealt a severe blow to the peace process. Israel's use of such expulsions, which are illegal under international law for any reason, call into question its credibility and its commitment to the peace process. Failure to find a satisfactory solution to the problem of the expulsions by fully implementing U.N. Security Council Resolution 799 undermines the legitimacy of the negotiations themselves in the eyes of the Palestinians and much of the world.

The recrudescence of the Intifada and the brutal crackdown against Palestinians in the Occupied Territories by the government of Israel

Prime Minister Rabin has led to a surge in Palestinian deaths at the hands of occupation forces and a substantial increase in human rights violations, as documented by the Israeli human rights group **B'Tselem**. As a recent B'Tselem report makes clear, Palestinian fatalities caused by gunfire by Israeli occupation forces in the territories during the first six months of the Rabin government have increased by 20 percent in comparison with the last six months of the government of former Prime Minister Yitzhak Shamir, and the rise in the deaths of children was over 180 percent. In addition, two-thirds of the killings of Palestinians occurred in situations that did not threaten the lives of the Israeli occupation forces.

We oppose violence on all sides, but we believe that the B'Tselem report raises serious questions about the commitment of the Israeli government to peace. [See appendix I: Report by B'Tselem, the Israeli Information Center for Human Rights in the Occupied Territories.]

Former President Bush's firm and forthright stand on the question of Israeli settlements in the Occupied Territories in 1991-92 provided the impetus necessary for the initiation and continuation of the peace process. The *de facto* linkage of U.S. loan guarantees and Israeli settlement activities made it necessary for the Israeli government to temporarily suspend policies that are in conflict with the U.S. national interest, although this linkage was short lived.

Despite perceptions to the contrary, Israeli settlement activity continues in the Occupied Territories. Some 13,000 publicly financed housing units in the West Bank, Gaza Strip, and Golan Heights are still being completed. That construction alone could increase the Israeli population in the territories by nearly 50 percent. About 1,500 units are also being constructed annually with private funds. Subsidized loans continue to reduce the real cost of housing for settlers. According to a report by the **Settlement Watch Committee of Peace Now**, settlement construction surpasses the Rabin government's commitment to block construction in the territories above the 11,000 it had decided to continue. [See Appendix II: Report by the Settlement Watch Committee of Peace Now.]

We believe that Congress should press Israel to adhere to basic standards of human rights and halt illegal expulsions of Palestinians in the Occupied Territories. Congress should also ensure that any loan guarantees extended to Israel will not directly or indirectly subsidize Israeli settlement activity in the territories.

Foreign Aid in the Clinton Era

The collapse of the former Yugoslavia and the former Soviet Union, the civil war in Somalia, and other developments have profoundly changed political and economic equations in the Middle East and elsewhere and place new demands on the foreign aid budget. **Changing U.S. national security interests, therefore, require Congress to reevaluate the distribution of scarce foreign aid dollars. Perhaps more than at any previous time, Congress needs to rise above political considerations and allocate aid strictly on the basis of need and other long-term interests.**

This year, with deficit reduction and the strengthening of the U.S. economy the cornerstone of President Clinton's legislative agenda, it is almost certain that there will be additional pressures for reductions in the U.S. foreign aid program. **It is essential that any such cuts be distributed equitably throughout the aid program, and that no favored**

countries be exempted from cuts, or given offsetting aid windfalls, for political reasons.

We urge this Subcommittee, when it deliberates on the Clinton Administration's request, to look at the genuine needs of each individual country and appropriate levels of assistance which will truly meet those needs. We are concerned, based on the information which we have regarding the Administration's foreign assistance request for FY 1994, that aid levels for some Arab countries, such as Jordan and Morocco, will be inadequate.

There was a wide disparity in U.S. aid per capita for the various countries of the Middle East and North Africa, according to FY 1993 foreign assistance estimates. [See Table 1] **As usual, Israel, with the highest per capita GNP of all, also received the highest per capita amount in U.S. foreign assistance — \$870 for every Israeli, compared with \$39 per Egyptian, \$7 per Jordanian, \$6 for every Lebanese, and \$2 for every Moroccan.** From the table below, it can be seen that Israel receives more than 15 times as much aid per capita as Egypt and over 40 times as much per capita as any other aid recipient in the Middle East. We urge this Subcommittee to determine that such an imbalance cannot be justified.

Table 1

**TOTAL AND PER CAPITA ESTIMATED U.S. AID FOR MIDDLE EASTERN
AND NORTH AFRICAN COUNTRIES, FISCAL YEAR 1994**

NATION	POPULATION 1991 (in thousands)	PER CAPITA GDP, 1991 (dollars)	US AID FY 1994 TOTAL (millions)	US AID FY 1994 PER CAPITA (dollars)
EGYPT	54,451	679	2,116	39
ISRAEL	4,477	10,381	3,000*	670
JORDAN	3,413	1,347	21	7
LEBANON	3,384	975 (est)	18	6
MAURITANIA	1,996	471	2.5	1
MOROCCO	26,182	970	49	2
OMAN	1,534	5,997	2	1
TUNISIA	8,276	1,208	9	1
WEST BANK/GAZA	1,728	579	25	15

Source: A.I.D. Congressional Presentation Document, FY 1994, Statistical Tables for FY-1994 U.S. Economic and Military Assistance, AID; and Statistical Tables for FY-1993 U.S. Economic and Military Assistance, Revised Edition, AID. All aid is rounded to the nearest million; population figures are rounded to the nearest thousand; and per capita aid figures are rounded to the nearest dollar. Population and per capita GNP figures are from the 1991 CIA fact book (public document).

- * Israel receives substantial additional U.S. funding each year; usually \$700-800 million in additional project funds and joint programs.

Under the Clinton Administration's foreign aid requests, this disparity will increase markedly. By comparison with the FY 1993 estimated obligations, the Administration's FY 1994 request will slash aid to many Arab countries. Aid to Morocco will fall by nearly 40 percent. Aid to Jordan will be cut by more than 50 percent, while aid to Oman will be reduced by two-thirds.

U.S. economic aid to Arab countries has declined from approximately \$1.4 billion in FY 1989 to \$1.1 billion in the FY 1993 foreign aid estimates, and will further decline to \$998 million in the Administration's FY 1994 request. Inflation has caused the value of this aid in real dollars to decline even more rapidly. Since over 80 percent of U.S. economic aid to the Arab world is provided to Egypt, the decline in such aid to Arab countries is even more dramatic when Egypt's aid is excluded. Economic aid to Arab countries excluding Egypt dropped from \$325 million in FY 1989 to the \$274 million estimated in FY 1993, and will decline to only \$183 million in the FY 1994 request. Some 47 percent of this \$183 million is in the form of necessary emergency relief aid for Somalia and the Sudan.

Aid to Egypt

The United States and Egypt continue to maintain the close and committed relationship that has been developing over the past two decades. Egypt's contribution of more than 35,000 troops to the multinational forces during the Gulf crisis strengthened this relationship even further.

Egypt has consistently worked to nurture the Middle East peace process and promote a Palestinian-Israeli dialogue. The readiness of Egyptian officials to take risks for peace, even in the face of considerable economic difficulties at home, attests to their dedication.

In recognition of the importance of Egypt as a dependable ally and a regional leader for peace, the United States has for many years provided Egypt with substantial levels of economic and military assistance. **We have supported, and continue to support, aid to Egypt as a tangible contribution to peace and stability in the Middle East.** Egypt truly needs the aid that has been provided over the years.

The close bilateral relationship between Egypt and the United States has been enhanced by the extensive economic and security ties that have developed between the two countries over the past decade. The benefits accruing from this relationship flow both ways. For example, coproduction of the M1A1 tank is an important component in the U.S.-Egyptian security relationship that promotes Egyptian military self-sufficiency and helps sustain thousands of jobs for American workers. Programs to enhance Egyptian defense capabilities have had the additional effect of contributing to the interoperability of Egyptian and U.S. forces.

U.S. assistance to Egypt also plays a pivotal role in the ability of Egypt to institute much-needed, but unpopular economic reforms. There is no doubt that further significant reforms are both necessary and desirable in the long run, though the burdens of such reforms on the large and growing Egyptian populace will be substantial and must be allocated equitably.

Aid to Jordan

Jordan has proven itself to be an indispensable partner in the search for peace in the Middle East. Secretary of State Christopher has said that no other party had made as much progress with Israel in the bilateral and multilateral talks. The preservation of political and economic stability in Jordan, especially in its current movement toward democracy, is in the U.S. national interest. Jordan's ability to function as a central actor in this critical phase in the peace process depends in large part upon the willingness of the United States to help it in meeting its pressing economic problems, which were compounded by the Gulf crisis.

Relations between Jordan and the United States were deeply strained during the Iraqi occupation of Kuwait. Some of the positions taken by the Jordanian government during the crisis caused the U.S. government and the American people serious concern. Nevertheless, moves in Congress in the past to cut off aid to Jordan have been injudicious and detrimental to the peace process, which the Jordanian government has supported. Relations between Jordan and Iraq, moreover, have greatly deteriorated in recent months.

The Gulf crisis had disastrous economic and political repercussions in Jordan. It has been estimated that losses to Jordan's economy resulting from the Gulf crisis and its aftermath totaled more than one-half of its annual GNP. The Jordanian economy was seriously undermined as Jordan enforced U.N.-imposed economic sanctions on Iraq, which had been a major trading partner before the war. Jordanian exports were seriously reduced, while oil costs increased drastically. The economy was further burdened when the Kingdom opened its borders to tens of thousands of refugees fleeing devastation in Kuwait and Iraq.

At the same time, large numbers of Jordanians and Palestinians working in the Gulf were displaced during the crisis, increasing unemployment in the Kingdom and drastically reducing remittances from abroad. While we are glad to report that the economic situation in Jordan has improved from its low point one year ago, it is still far behind its position at the start of the Gulf War. Jordan continues to need U.S. economic assistance to maintain its recovery and military assistance to service U.S.-made equipment presently in its inventory and improve the operational readiness of its armed forces.

NAAA regrets the Administration's decision to reduce U.S. aid to Jordan by over one-half in FY 1994 to some \$21 million. We urge this Subcommittee to appropriate the full level of funding of \$46 million which was appropriated for Jordan in FY 1993.

Aid to Lebanon

NAAA applauds the Clinton Administration for sending Secretary of State Warren Christopher to Beirut on February 22. We believe that his visit, the first by a U.S. Secretary of State to Beirut in nearly a decade, was a significant gesture of U.S. support for the independence, sovereignty, and territorial integrity of Lebanon.

While the \$18.2 million in the Administration's FY 1994 request is close to the \$19.6 million of FY 1993's estimated obligations for Lebanon, we contend that the needs of Lebanon's reconstruction thoroughly justify a

level of aid that is no less than that appropriated for the previous fiscal year. We urge Congress to allocate levels of aid to Lebanon that will adequately meet its needs and be a tangible contribution to Lebanon's economic reconstruction.

The ability of the U.S. government to determine Lebanon's specific needs and devise programs which will adequately address these needs has been hampered by the lack of an "on-site" official of the Agency for International Development in Lebanon. We recommend that, as soon as the security situation permits, an A.I.D. official be added to the American diplomatic contingent already present at the U.S. embassy in Beirut. This measure would enhance the effectiveness of our programs and materially aid the reconstruction of Lebanon.

Immediate efforts should also be made to help Lebanon increase its capacity to absorb additional aid. Given the current difficulty of administering U.S. aid programs to Lebanon from outside that country, it is vital that U.S. aid be devoted to encouraging the expansion, efficiency, and effectiveness of indigenous private voluntary organizations (PVOs) in Lebanon.

NAAA strongly supports the continuation of U.S. assistance, through the ASHA program, for qualified institutions in the Arab world, including the American University of Beirut (AUB). **We view with alarm the Administration's proposals to end ASHA assistance altogether, and urge this Subcommittee to restore adequate ASHA funding.**

U.S. aid to AUB has for many years been one of the best long-term investments in U.S.-Arab relations and a tangible signal to the commitment of the United States to academic excellence and freedom. The American University of Beirut has for generations been a beacon of western thought and education in the Arab world, and its alumni include many of the most prominent Arab leaders and intellectuals. We urge this Subcommittee to ensure that this vital assistance be continued at the same levels that it has previously enjoyed.

Aid to the West Bank and Gaza

Congress approved approximately \$25 million in ESF aid and \$1.9 million in PL 480 aid for the occupied West Bank and Gaza in FY 1993 — a substantial increase over the previous fiscal year. We applaud this recognition of the importance of increasing aid to the Occupied Territories, and consider it to be a wise investment for peace. At the same time, we believe this amount to be the minimum necessary to achieve the quality of aid that is needed and **we urge that the FY 1994 allocation for the West Bank and Gaza be double the amount extended in the current fiscal year.**

U.S. assistance at this level provides an important political message to the Palestinian people. At a time when the human rights situation in the Territories is deteriorating and negotiations are not progressing as they should, it is imperative that the United States maintain an adequate level of support for the Occupied Territories.

In recent years, the economy in the Occupied Territories has suffered severe strains as a result of the influx of Soviet immigrants into Israel and the Occupied Territories (who take jobs away from Palestinians), the overall repercussions from the Intifada, the dislocation of thousands of

Palestinians in the aftermath of the Gulf crisis, and the continued, though less visible, Israeli suppression of resistance to its onerous military occupation. The recent sealing off of the territories from Israel has cost Palestinians tens of thousands of jobs. The desperate economic circumstances prevailing in the West Bank and Gaza fully justify doubling the level of U.S. aid approved last year, particularly in light of the enormous sums being given to Israel annually.

We note with alarm that \$2.7 million in PL-480 food assistance that was appropriated for FY 1993 will not be requested in the Administration's request for FY 1994. With the Occupied Territories sealed off from Israel, cutting off thousands of Palestinians from employment, the prospect of hunger is growing in the Occupied Territories. Elimination of food aid for the next fiscal year would be ill-advised under these conditions.

Over the years, private economic development and the Palestinian educational system have been major casualties of the military occupation. Palestinians have been denied permission to dig new irrigation wells, discouraged in their attempts to form cooperatives, limited in their planting of trees and vegetables, constrained from selling their produce in Israel and elsewhere, and turned down — or made to wait indefinitely — when applying for licenses to begin a business project or construct a building. Palestinian education has been completely disrupted for the past five years, although Palestinian institutions of higher education have been harassed over much of the nearly 25-year-old Israeli occupation.

The U.S. aid program to the West Bank and Gaza has assumed even greater importance due to the staggering increases in unemployment that have taken place with the influx of Soviet immigrants and the displacement of Palestinians working in the Gulf. While the Israeli government has increased the number of Palestinians from the Occupied Territories who are allowed to work in Israel, mostly at menial jobs, the numbers of Palestinians employed there when the territories are not sealed off from Israel remains below the pre-Gulf war level.

Because of the economic constraints placed on Palestinian economic activity in the Territories by the Israeli military government, these wages, exploitative as they may be, are necessary for the economic survival of numerous Palestinian families. Poverty is still endemic in the Occupied Territories and the 1.73 million Palestinians living there are in great need of assistance. Even before the recent closures, reliable estimates of unemployment ranged from 30-40 percent. Even many of those employed were only able to work intermittently.

The small aid program funding economic and social development in the West Bank and Gaza has had perhaps the highest impact of any American aid program anywhere in the world. It is designed to increase the marketed production of industrial and agricultural products, to improve delivery of health services, and establish lines of communication with Palestinian institutions. Even under the current unsettled conditions on the West Bank and Gaza, the grassroots projects successfully established by the American and indigenous private voluntary organizations (PVOs) are still operational and must continue to be encouraged.

The Administration's focus on aid to the Occupied Territories as a means to provide the essential tools for economic development of the local population has been enhanced by the appointment of a full-time representative of the Agency for International Development (AID) to the West Bank. We support very strongly the continued presence of this representative and would consider any move to eliminate this position to be a retrograde step.

Aid to Somalia

NAAA applauds the humanitarian efforts of the U.S. military to bring famine relief to Somalia. The most immediate objective, to prevent the deaths of hundreds of thousands of innocent people, has been attained. But the multinational effort — and U.S. involvement — must continue, and we applaud the recent vote in the House to authorize for one year the continued U.S. participation in a U.N.-led peacekeeping mission in Somalia. The recent history of Somalia has demonstrated that the provision of food and medical aid, while essential, will be inadequate and ineffective without steps to ensure the permanent restoration of civil order. A failure to sustain the multinational involvement will ensure that all the international community's contributions to date will have been in vain.

If Somalia is to overcome the destruction and devastation it has undergone, the world community must mount a sustained effort to help Somalia repair the devastation of its food production and distribution system and other infrastructure. All of this can only be accomplished if Somalia is able to form a central government that will be responsive to the people's needs and strong enough to ensure order.

We urge this Subcommittee to look with favor on continuing the U.S. commitment to humanitarian and reconstruction efforts in Somalia.

Conclusion

We believe that the closest possible relationships between the United States and the countries of the Arab world are an essential component for promoting U.S. national security interests in the Middle East. These relationships, built on mutual trust and respect, will benefit all parties concerned.

U.S. foreign aid to the Arab World, in particular, is a wise and prudent investment in the stability of the region that strengthens already solid friendships and underscores the U.S. commitment to its Arab allies. We urge this Subcommittee to review the Clinton Administration's upcoming foreign assistance requests for the Arab countries with sensitivity and concern for their compelling individual needs.

We also ask this Subcommittee to hold Israel to the same standards of accountability that are applied to all other countries. There should be an unmistakable and unavoidable linkage between U.S. foreign assistance to Israel and Israeli human rights policies. Section 116 of the Foreign Assistance Act of 1961 specifically proscribed U.S. assistance to countries which engage in "a consistent pattern of gross violations of internationally recognized human rights." Yet the State Department's annual *Country Reports on Human Rights Practices* have documented for many years a widespread and continuing pattern of gross Israeli human rights violations in the Occupied Territories.

**STATEMENT OF GEORGE SAVIDIS, DIRECTOR OF PUBLIC AFFAIRS,
AMERICAN HELLENIC EDUCATIONAL PROGRESSIVE ASSOCIA-
TION**

Senator FEINSTEIN. The next panel will be comprised of Mr. George Savidis, of the American Hellenic Educational Progressive Association; Mr. Mike Manatos, of Manatos & Manatos; Mr. Elmer Pendleton, International Advisors; Mr. Nicholas Larigakis, of the American Hellenic Institute Public Affairs Committee; and Mr. Joseph Youssouf, of the Turkish Cypriot Cultural and Educational Association.

And we will begin the testimony with Mr. Savidis. Mr. Savidis, welcome.

Mr. SAVIDIS. Thank you for hearing our view today. I am speaking on behalf of the AHEPA, the American Hellenic Educational Progressive Association—

Senator FEINSTEIN. Mr. Savidis, could you pull that mike directly in front of you, and speak directly into it?

Mr. SAVIDIS. OK, thank you. With 62,000 members and more than 1,000 chapters across America. I would like my written testimony to be placed—

Senator FEINSTEIN. I tell you, if you could move it a little bit to your right, just so that you go directly into it.

Mr. SAVIDIS. Thank you. I would like my written testimony to be placed in the record, and I just want to make some brief comments.

Given Turkey's continued military occupation of the sovereign nation of Cyprus, its atrocious and by all accounts worsening human rights violations, as well as its aggressive posture toward Greece, we urge that all aid to Turkey be suspended.

We support the administration's proposed \$315 million in FMF loans to Greece for fiscal year 1994, in order to help Greece cope with the increasing instability in the Balkans, where Greece remains the only country that is allied with America and that, like America, holds dear democratic values, human rights and the peaceful settlement of disputes.

If Congress is to authorize aid to Turkey, it must conform to the 7-to-10 ratio, and since money is fungible, no grant economic aid can be given.

Noting that Cyprus is now paying for almost one-half the cost of the U.N. peace-keepers facing the Turkish invasion forces, we also urge \$15 million in humanitarian aid for Cyprus, as proposed by the administration.

According to Amnesty International and Helsinki Watch, human rights abuses are at an unprecedented level in Turkey. Helsinki Watch, with its recent report, "Broken Promises: Torture and Killings Continue in Turkey," documents the fact that killings, torture—including torture of children—and other human rights abuses in Turkey have become significantly worse this year; and further urge that military aid be suspended as a result.

Massive deliveries of American tax dollars to the Turkish military machine, while Greece is forced to deal with the growing security threats from the war in the Balkans, and when the dissolution of the Soviet Union and the decimation of Iraq have fundamentally lowered security threats to Turkey, is simply bad policy.

We are repeating the mistake of creating an unchecked regional military superpower, which has shown that it is as unmoved by U.N. resolutions condemning its aggression. Let us not forget that Turkey stands in violation of more U.N. resolutions than Serbia, than Iraq. In violation of more U.N. resolutions than against South Africa at the height of apartheid, than Syria, or even Libya.

Let us also ask ourselves whether we believe that a state that has and is abusing its own minorities, and has and is occupying another State, is any kind of model or agent for America in the Balkans or in the areas of the former Soviet Union. If that is the case, we are truly reaching the bottom of the barrel, searching for fair-weather friends. And we will be seeing an even greater aggression, and even more crises.

We believe there is no more important time to send this message against aggression than today. It is now also the most auspicious time to get moving on Cyprus; this, because obstacles to a solution have disappeared, and because a solution there would provide a model for peaceful and fair settlement of disputes, and against rewarding aggression everywhere.

Cyprus presents the best opportunity for America to facilitate a solution, because a settlement there is manageable. A Cyprus solution is attainable and manageable because of the country's small population size, less than the population of San Francisco; its clearly discrete borders as an island nation; the scores of United Nations resolutions, calling for the withdrawal of Turkey's occupation forces; the U.N. troops already in place; and the leverage afforded, if Congress will stand up and threaten the massive United States aid to Turkey.

Failure to secure a Cyprus solution undermines international law, the United Nations, our stated foreign policy, and America's interests in deterrents against aggressor states.

In addition to the countless U.N. resolutions condemning Turkey, we know that Turkish Cyprioticide has been blamed by the U.N. Secretary General, the U.N. Security Council, and the House Foreign Affairs Committee, for the current impasse in the negotiations.

The Turkish Cypriots have just broken off negotiations by rejecting a U.N. confidence-building plan supported by our own Government, allowing U.N. control and an open city at Varosha, thus facilitating constructive human contact between the people of Cyprus.

PREPARED STATEMENT

Madam Senator, the Congress has the opportunity to stand up, support the rule of law, insist that Turkey end its violation of human rights, and its occupation of Cyprus end. This should be done before another United States tax dollar goes to Turkey.

Senator FEINSTEIN. Thank you, Mr. Savidis.

[The statement follows:]

STATEMENT OF GEORGE SAVIDIS

Mr. Chairman and Members of the Subcommittee, I appreciate the opportunity to appear before you today in order to present our views on the foreign aid authorization legislation for fiscal year 1994 as it affects Turkey, Greece and Cyprus. I am speaking on behalf of the AHEPA -- the American Hellenic Educational Progressive Association. The following views reflect the consensus of our 62,000 members in the more than 1,000 chapters of the AHEPA Family across America.

Given Turkey's continued occupation of the sovereign nation of Cyprus, its atrocious -- and by all accounts worsening¹ -- human rights record and its threats against Greece, we urge that all aid to Turkey be suspended. We recommend that all aid be withheld until Turkey:

- Ends its military occupation of Cyprus;
- Begins to negotiate the Cyprus issue earnestly and in good faith;
- Cease its gross human rights violations, including domestic ethnic cleansing against its Greek and Kurdish minorities, as well as its ethnic cleansing on Cyprus; and
- Ends its aggressive posture toward Greece.

We support the administration's proposed \$315 million dollars in FMF grant aid to Greece for Fiscal Year 1994 in order to assist Greece in coping with the security challenges from Turkey and the increasing instability in the Balkans.

If Congress is to authorize aid to Turkey it should conform at a minimum to the 7:10 ratio in aid to Greece and Turkey. In order to conform with the 7:10, since money is fungible, no grant economic aid can be given to Turkey.

We also urge this subcommittee maintain humanitarian aid to Cyprus at the traditional level of \$15 million in ESF as proposed by the administration. As you know, most of these funds have been administered through the United Nations High Commissioner for Refugees (UNHCR) which maintains an office on Cyprus. It should be noted that Cyprus is itself now paying for almost half of the costs of the U.N. Peacekeeping Force on Cyprus (UNFICYP) while the U.S. has, in effect, subsidized a substantial portion of the illegal Turkish occupation forces by delivering unconditional aid to Turkey.

A) REASONS FOR SUSPENDING AID TO TURKEY

1) The Turkish Military Occupation of Cyprus

The Cyprus problem is an issue of the illegal invasion and continued occupation of an independent and sovereign state. Turkish invasion forces have remained on Cyprus since their invasion in 1974 despite more United Nations resolutions condemning their actions than similar resolutions against Serbia or Iraq.

Despite the fact that Turkey is widely recognized as the aggressor on Cyprus, it remains one of the largest recipients of U.S. military aid. The latest U.N. Secretary General's Report clearly blames the Turkish Cypriot side for the latest impasse in negotiations.

The Cyprus problem now stands as the most lengthy and glaring example of contempt for the rule of law in the world today. The lack of enforcement of the scores of United Nations resolutions calling for the withdrawal of Turkey's illegal occupation forces was an unfortunate consequence of the Cold War and the weakness of the United Nations. Because those obstacles to a solution have disappeared -- and as importantly, because the solution would provide a model for peaceful and fair settlement of disputes and against rewarding aggression -- there has never been a more auspicious or important moment for a solution.

Cyprus presents an exceptional opportunity for the United States to facilitate successfully a solution because a settlement there is manageable. A Cyprus solution is attainable and manageable because of the country's small population size (less than the

¹ US Department of State Human Rights 1992 Report.

Helsinki Watch Report, Broken Promises: Torture and Killings Continue in Turkey, 12/92.

Amnesty International testimony before the CSCE, 4/93.

Helsinki Watch testimony before the CSCE, 4/93.

population of San Francisco), its clearly discreet borders as an island nation, the scores of United Nations resolutions calling for withdrawal of Turkey's occupation forces, the United Nations troops already in place, and the leverage afforded by conditioning the massive U.S. aid to Turkey.

Failure to secure a Cyprus solution undermines international law, the United Nations, stated U.S. foreign policy and our interest in deterrence against aggressor states. Yet Turkey has not been made to understand that its actions are unacceptable. Turkey's Foreign Minister Hikmet Cetin was recently quoted in *The New York Times* attempting to explain Turkey's reticence to support the U.N. against Iraq because of his country's frustration over the situation in Bosnia. He said, "I would like to remind the United Nations that Iraq is not the only place where U.N. resolutions are violated." Ironically, because of its own continued illegal occupation of Cyprus, Turkey itself is in violation of similar U.N. resolutions condemning Serbia and Iraq.

The present government in Ankara has indeed become increasingly belligerent on the subject of Cyprus. Earlier this year then Turkish Prime Minister (now President) Suleyman Demirel declared that "if a situation is created in Cyprus that we do not want, they [the Cypriots] will regret the day they were born."

The Turkish-Cypriot side has been blamed by the U.N. Secretary General and in U.N. Security Council Resolution 789 for the current impasse in negotiations as the House Europe and Middle East Subcommittee of the Foreign Affairs Committee specifically noted in its June 1993 report on aid authorization.

Moreover, despite months of preparations, the Turkish Cypriot leader Rauf Denktaş has broken off negotiations with Cypriot President Glafcos Clerides at the U.N. scheduled to begin this week. The U.N. has proposed a confidence building plan under which the Turkish army would hand over the long-deserted resort of Varosha (Famagusta) to U.N. control in order to create an "open-city" and also allow the opening of Nicosia Airport to international traffic. The opening of Varosha and the Nicosia International Airport would open all of Cyprus to tourism and trade. This would bring substantial economic benefits to the occupied sector. The unoccupied sector receives 1.8 million tourists compared to 20,000 foreign tourists in the occupied sector yearly. Implementing the U.N. proposal would also facilitate constructive human contact between the people of Cyprus. The U.S. supports the U.N. package and recommended that it be accepted quickly and in its entirety, yet Denktaş is obstructing the good-will measures and boycotting the talks.

Failure to solve the Cyprus problem also maintains the belief that ethnic conflicts are inherently unsolvable and that their use as a pretext for outside aggression is acceptable. This would mean that we will face countless international conflicts and aggression worldwide with no predictable U.S. policy position or response. But by clearly advocating democratic principles, coupled with protection of minority rights and a strong stand against international aggression we can help provide the basis for just and manageable solutions to these increasingly common problems and the crises they generate.

The Congress has an opportunity to support of the rule of law in international affairs by using its aid influence with Ankara and insisting that its violation of international law be ended, that its occupation of a sovereign nation is unacceptable and that it must end its obstruction of a just and long-lasting solution to the Cyprus problem before another U.S. tax dollar goes to Turkey.

The U.S. must also insist that Ankara immediately withdraw its occupation forces and the newly introduced Anatolian colonists, and that it must account for the 1619 persons, including five Americans, missing since the Turkish invasion of Cyprus.

A solution on Cyprus must include a constitutional framework which can insure a long-lasting and just solution. As President Clinton has stated to AHEPA in August of 1992, and in October of 1992, such a solution must include withdrawal of the Turkish occupation forces, conform to the principles of the European Community, and be consistent with established principles of human rights and democratic values.

2) Turkish Government Pressure on the Ecumenical Patriarchate

The Eastern Orthodox Ecumenical Patriarchate in Istanbul is an international religious institution whose freedom to operate directly affects the religious freedom of 300 million Orthodox Christians worldwide, including five million believers in the United States. As one of the oldest religious institutions in the world, with almost 2,000 years of continuous operation, it is also a precious and irreplaceable heritage for all humankind.

Unfortunately, despite explicit treaty obligations and implicit obligations under international law, Turkey has pursued a campaign aimed at the ultimate destruction of the Patriarchate by systematically driving out Orthodox Christians from Turkey through ethnic cleansing and then requiring that the Patriarch be a Turkish citizen. With the destruction of communities that provided clerics for the Patriarchate there will soon be no bishops who qualify under present Turkish law to be elected Patriarch and an institution that has been the spiritual center for Orthodox Christians around the world will cease to exist after almost two millennia.

In April of 1992, Helsinki Watch released a report entitled, "Denying Human Rights and Ethnic Identity: The Greeks of Turkey." That report documented, "an appalling history of pogroms and expulsions suffered at the hands of the Turkish government," and found that, "the government of Turkey continues to violate the human rights of the Greek minority today." Helsinki Watch also documented "harassment by police; restrictions on free expression; discrimination in education involving teachers, books and curriculum; restrictions on religious freedom; limitations on the right to control charitable institutions; and the denial of ethnic identity."

On the issue of the Ecumenical Orthodox Patriarchate, Helsinki Watch noted that unless the Turkish government lifts its rule that only Turkish-born bishops can become Patriarchs, and allows re-opening of the last remaining theological seminary at Halki to educate young clergy, the Patriarchate will be unable to survive.

Helsinki Watch specifically recommended that the U.S. government "acknowledge and condemn" Turkey's human rights abuses, including those against the Patriarchate, and that it persuade the Turkish government to, "refrain from interfering in the selection of the Ecumenical Patriarch; and permit the re-opening of the Halki theological academy..."

The Congress must forcefully signal Turkey that continuing this process of permanently eliminating the Patriarchate will place Turkey further outside the family of tolerant, democratic nations. Affecting a change in this Turkish government policy against the Patriarchate will serve U.S. interests in lessening tensions between Turkey and its Orthodox neighbors. Indeed, the Patriarchate can serve as a much needed bridge and force for peace and tolerance in the troubled region. Proper pressure and signaling towards this end will also assist in guiding Turkey towards norms of human rights and religious freedom necessary for Turkey's integration and acceptance in the E.C. and in the community of progressive nations.

3) Turkey's Gross Human Rights Violations

Aid to Turkey carries extraordinary costs to the credibility of United States because of Turkey's ongoing and recognized international aggression and its widely recognized and criticized increases in human rights violations.

According to Helsinki Watch's recent testimony before the CSCE hearings in Washington on April 5, 1993, none of the changes in human rights abuse promised by the Turkish government have taken place. "The over-all human rights picture has, in fact, deteriorated rather than improved," according to Helsinki Watch. Those increased violations included torture, (including torture of children), suspicious deaths in detention, killing of demonstrators, and restrictions on freedom of the press, assembly and association.

Helsinki Watch said that the Turkish government "has not demonstrated the political will to end any of these abuses," and recommended that the U.S. "end all military and security assistance to Turkey until such a time as Turkey no longer manifests a consistent pattern of gross human rights violations."

Amnesty International's testimony before the same hearings concurred with those findings. It called extra judicial killings "unprecedented" and noted that "torture continues to be systematically practiced." Amnesty concluded that "there has been a marked decline in the human rights situation in Turkey," and that "allegations of extrajudicial executions are of a scale unprecedented for Turkey."

Some other examples of recent third party condemnatory reporting on human rights violations by Turkey, include:

- a) "Human Rights and U.S. Security Assistance" (May 1993) in which Amnesty International cited "widespread and systematic torture by police, sometimes resulting in death; ill-treatment of political and criminal prisoners; detention without charge or trial; incommunicado detention; and 'disappearances' of

suspected members of armed opposition groups." Amnesty expressed "deep disappointment" in the touted judicial reform packages, saying it was "scandalous" to present this measure as reform because it excludes political prisoners from any protection.

- d) In December of 1992, Helsinki Watch released "Broken Promises: Torture and Killings Continue in Turkey" containing 78 pages of documentation of gross human rights violations, including rape, torture of children, extrajudicial killings, killings of demonstrators, and noted that despite promises, "killings, torture and other human rights abuses in Turkey have become significantly worse."
- e) In December 1992, European Committee for the Prevention of Torture (established by the Council of Europe) found that "torture and other forms of severe ill-treatment of persons in police custody remains widespread."
- f) Helsinki Watch released a report in April, 1992 entitled, "Denying Human Rights and Ethnic Identity: The Greeks of Turkey." That report documented, "an appalling history of pogroms and expulsions suffered at the hands of the Turkish government." Helsinki Watch found that, "the government of Turkey continues to violate the human rights of the Greek minority today." Helsinki Watch has specifically asked the U.S. government to condemn Turkey's abuses of the Greek minority.
- g) In April of 1992 the Council of Europe's Human Rights Commission released a 1983 report on human rights violations by Turkey in Cyprus. The report specifically condemned Ankara for its ongoing cover-up in failing to supply information on the 1,619 people, including five American citizens, who were arrested by Turkish forces during the 1974 invasion and were never heard from again. The report also found Turkey guilty of violating the European Human Rights Convention with its refusal to allow the more than 170,000 Greek Cypriots displaced by the invasion to return to their homes. Why was this report delayed? Reuter (4/3/92) quoted one Strasbourg diplomat involved in its final publication as saying: "For the best part of nine years Turkey used every procedural and political trick to prevaricate and delay publication of the commission's findings."
- h) In March of 1992 the influential New York-based Lawyers Committee on Human Rights called for the Congress and administration to conduct "a comprehensive reassessment of U.S security aid policies and practices." The group specifically cited Turkey when it questioned the rationale for continuing aid to Cold War allies that commit "grave human rights violations."

B) THE TRUTH CONCERNING TURKEY'S POSITION IN THE REGION

1) The Central Asian Republics and Regions of Former Ottoman Occupation

Despite Turkey's defiance of the rule of law and its reprehensible human rights record, Turkey's supporters, including its paid foreign agents at Hill and Knowlton and International Advisors, are now attempting to develop a new containment theory in order to continue to funnel our tax dollars into that country, thereby promoting a new regional arms race. This new containment theory presupposes that Turkey can be an agent of U.S. interests in, or serve as an appropriate model for, the newly-independent former Soviet Republics in Central Asia.

This self-serving theory is widely derided by Central Asian area specialists. Referring specifically to the threat of the spread of Turkic influence across the region, Columbia University's Center for the Study of Central Asia Director Barnett Rubin says that "the main obstacle to intelligent policy making in Central Asia is the repetition of the cold war pattern of looking for a threat and for a partner against that threat -- and then finding that the partner has a regional agenda that is not yours." Other analysts have also called this Turko-centric policy, "a simple minded solution to a very complex problem." Senator DeConcini, who toured the area in 1992, said he is concerned that

"Washington is listening too closely to fears of Islamic revivalism." He also specifically noted Turkey's "immense problems, including human rights." (New York Times, 5/31/92).

In fact, the danger of rampant Pan-Turkism is a regional threat. According to Shireen Hunter, Deputy Director of Middle East Studies at the Center for Strategic and International Studies (CSIS), a major regional phenomena is, "the reemergence of extreme and potentially irredentist and expansionist nationalisms, most notably pan-Turkism." Hunter also says: "If continued unchecked, or worse, if consciously or unconsciously encouraged by Western policies devised for the expediency of the moment, such ideas [as Pan-Turkism] would become sure recipes for regional conflicts." (Washington Quarterly, Summer 1992).

The Central Asian republics each contain significant minority populations. How can Turkey, with its obscene record of genocide against its Armenian minority, and its continuing oppression of its Greek and Kurdish minorities, be any kind of positive model serving our interests in that region? Also each of the Central Asian states also has ethnic populations outside its borders in neighboring states. Despite the unanimous rebuke of the United Nations, Turkey has shown it will use illegal and brutal force in exploiting minorities in other independent states as an excuse for irredentism, and international expansion and aggression. Is that a pattern of behavior we want to see develop in Central Asia? Turkey is also pressuring the former Soviet republics to recognize its illegal puppet state in occupied Cyprus.

Given this history and these continuing policies, under no moral or even practical reasoning can Turkey be promoted as a model for any emerging nation. Turkey's usefulness in advocating or acting in our interests in either the Balkans, other areas of former Soviet control or the Middle East is inherently problematic because of its human rights abuses and continuing international aggression. Turkey's 400-year brutal occupation the Balkans and the Middle East and its ethnic cleansing also have produced a situation in which every statement and move emanating from Ankara is treated with the deepest suspicion in those areas.

2) Misconceptions Concerning the Gulf War

During Desert Shield and Desert Storm Greece sent its sons into harm's way in support of the U.S.-led U.N. coalition. Greece did so without hesitation despite the painful irony of the continuing Turkish aggression on Cyprus. But of course, in the face of aggression Greece has supported the United States for as long as the two nations have existed.

Turkey on the other hand -- perhaps sensing the untenability of their aggressive and expansionist foreign policy should the New World Order and the rule of law take hold -- equivocated during that time of need.

Turkey in fact waited out the entire period of Desert Shield. It sent no troops to the U.N. Coalition, refused to open a second land front and refused use of the Incerlik base built by U.S. tax dollars.

After intense diplomatic pressure from the United States, and we now know President Bush was on the phone to Turkish President Ozal almost every day, and after a guarantee of as yet uncounted billions of dollars in payment from the U.S. and others, Turkey finally agreed to allow limited use of air bases built with U.S. aid over the past 45 years. And when did Turkey finally consent? Fully 24 hours after the air war began. At that point the entire world, courtesy of CNN, had witnessed the most spectacular and public military victory in history. Only then, assured of being on the winning side, did Turkey relent on our use of the NATO bases. Of course it still would not, and never did, join the coalition and commit its own forces as Greece did.

3) Reduction of Threats to Turkey

The dissolution of the Soviet Union and the decimation of Iraq have fundamentally lowered security threats to Turkey.

"Turks still love to bemoan their bad neighborhood, but their neighbors look a little threadbare," Morton Abramowitz, president of the Carnegie Endowment, one of the most recent U.S. ambassadors to Turkey and former Assistant Secretary of State of Intelligence and Research recently noted in the Summer 1993 issue of Foreign Policy.

"Iraq's military machine has been heavily damaged in two wars, and the very future of the Iraqi state is uncertain...an equally devastated Iran is struggling to restore

its economy and some of its military capabilities..." but, Abramowitz notes "...is far from posing a military threat to Turkey." Abramowitz also notes that Syria is in serious economic trouble and is now without its Soviet protector.

Abramowitz adds: "Most important, the Russians are no longer even neighbors. The common border is gone. The Russian threat is diminished, if not ended. More than 300 years of fear have largely evaporated...Far from being threatened, Turkey is surrounded by a melange of weak states in the Balkans, the Caucasus, and Central Asia...In short, Turkey has become the leading power in the area"

C) GREECE - AMERICA'S LONG-TIME ALLY

Financial aid to Greece has an extremely reasonable and efficient economic cost. In return the United States demonstrates its commitment to an ally that has always fought by our side and which faces profound instability and threats on its frontiers. Also, Greece's high degree of convergence with U.S. values and interests is unmatched in the region.

With the dissolution of Yugoslavia, the destabilizing aspects of the reemergence of the "Macedonian Question" pose a significant threat to Greece. The Macedonia issue is pivotal for all concerned because it can cause either widened conflict in the Balkans, or show that problems in the area can be solved peacefully. With a clear, effective policy, the United States can help bring about a solution to a problem with deep historical roots and raise hopes for settling other disputes in the region.

The U.N. has admitted "The Former Yugoslav Republic of Macedonia" under a Security Council resolution which calls for international arbitration to determine the final name of the republic. The resolution also calls on Skopje to eliminate claims on Greek territory in its constitution and to initiate confidence building measures with Greece. The U.S. also must not forget that, unlike all other parties in the Balkan disputes, Greece has been a loyal ally throughout its history as a modern nation and the United States has long-term security commitments to Greece that have been the anchor for peace and stability in the region.

Turkey also continues to threaten Greece's sovereignty in the Aegean. It has created the Army of the Aegean, which, with its landing craft exists solely as an offensive force threatening the Greek islands. Turkey also continues provocative military overflights of Greece's Flight Information Region (FIR). In addition, Turkey has balked at negotiating with Greece in international fora, preferring instead to rely on military pressure from its growing military machine which it has shown it will use, and use brutally without fear of international condemnation.

The U.S. should continue aid to Greece to help it cope with the increasing security threats in the region.

The U.S. can also work with Greece to begin building regional economic ties that will lessen the impetus towards international or civil conflict in the Balkans. The Congress should monitor and condition any aid or trade relationships with all countries in the region on their commitment and progress towards development of democracy, human rights and pacific settlement of disputes.

STATEMENT OF MIKE MANATOS, MANATOS & MANATOS

Senator FEINSTEIN. Mr. Manatos.

Mr. MANATOS. Andrew Manatos was called to Greece on short notice; and, therefore, I, Mike Manatos, will be presenting testimony for the following Greek-American organizations: The United Hellenic American Congress; The Pancyprrian Association of America; The International Coordinating Committee—Justice for Cyprus; and The American Hellenic Alliance. They appreciate the opportunity to present their views about appropriations legislation pending before your subcommittee.

Madam Chairman, the burden that you and the Congress have been carrying for so many years is now also being carried by the Clinton administration. The administration is uniquely doing the right thing on issues like making sure that our allies, the people of Greece, have the 10-to-7 ratio in American military aid on both excess military equipment and new aid to Turkey and Greece, so

that they can defend themselves against United States arms misused by their neighbor; equalizing the type of aid, grant or loan in that ratio; and the maintenance of \$15 million in economic assistance to the people of Cyprus, whose country was greatly injured by the misuse of our country's military equipment.

We strongly encourage this subcommittee to endorse, as did the House Appropriations Committee, these issues you have in previous years fought so hard to maintain.

The very important role that your Senate Appropriations Subcommittee can play this year is that of keeping this administration on track, and focused on two of its important goals: Securing the fair and just settlement of Cyprus; and maintaining the stability of and support for our old ally, Greece.

Never before in history has an administration contained so many people at top levels who understand the Cyprus issue in great detail, and who are disposed toward solving the Cyprus tragedy. Andrew Manatos can attest to this, through his work with them in the Carter administration and the Dukakis Presidential campaign.

Language in your subcommittee's bill can send a very strong message to the administration, and to those who are keeping the Cyprus issue from solution, that the United States Congress will not rest until the Cyprus tragedy has been corrected.

Likewise, the Macedonian issue, which at the moment is very threatening to the stability of our ally, Greece, and, therefore, to America's security interest in the Balkans and the Eastern Mediterranean, can benefit greatly from the message that is sent in your legislation. The administration, which is well disposed on the Macedonian issue and has been proactive in helping keep this issue from destabilizing our ally, Greece, will be reinforced by your subcommittee's commitment on this issue.

The Macedonian issue is difficult for many Americans to understand, although it is quite simple. Let me take a moment to share a direct analogy with you that makes this issue clear. I will quote from a highly respected career diplomat who served as Ambassador to Greece, Mr. Robert Keeley.

He said:

Suppose the Federal Republic of Mexico broke up into 5 or 6 pieces, and the northernmost provinces declared independence, adopted the name Texas, printed new money with the picture of the Alamo on it, flew a flag closely resembling that of our own Lone Star State, and its compatriots in the United States published maps showing Texas as part of the new Mexican State, thus restoring Texas to its former Mexican owners?

How would Americans feel about those who would want to recognize this new country?

The Macedonian issue is not an issue solely, or even primarily, about a name. It is, instead, about a little want-to-be country north of Greece, stubbornly insisting on recognition, and also the right to send very threatening signals to our long-time ally, which is strategically crucial to our country's security interests, Greece.

PREPARED STATEMENT

Madam Chairman, we have been coming before you for some years now, concerned about these issues involving Greece and Cyprus, which are threatening to America's security interests. This

year is a real opportunity to put these problems for the United States behind us. We strongly encourage you to work closely with the Clinton administration, and aggressively against those who stand in the way of solving these long-time problems. Thank you.

Senator FEINSTEIN. Thank you, Mr. Manatos.

[The statement follows:]

STATEMENT OF ANDREW MANATOS

The United Hellenic American Congress, the Pancyprrian Association of America, the International Coordinating Committee -- Justice for Cyprus, and the American Hellenic Alliance appreciate the opportunity to present their views about appropriations legislation pending before your subcommittee.

Mr. Chairman, the burden that you in the Congress have been carrying for so many years is now also being carried by the Clinton administration. The administration is uniquely doing the right thing on issues like: (1) making sure that our allies, the people of Greece, have the 10-to-7 ratio in American military aid, both excess military equipment and new aid, to Turkey and Greece so that they can defend themselves against U.S. arms misused by their neighbor; (2) the equalizing of the type of aid, grant or loan, in that ratio; and (3) the maintenance of \$15 million in economic assistance to the people of Cyprus whose country was greatly injured by the misuse of our country's military equipment. We strongly encourage this subcommittee to endorse, as did the House Appropriations Committee, these issues you have in previous years fought so hard to maintain.

The very important role that your Senate appropriations subcommittee can play this year is that of keeping this administration on track and focused on two of its important goals -- securing the fair and just settlement of Cyprus and maintaining the stability of and support for our old ally, Greece.

Never before in history has an administration contained so many people at top levels who understand the Cyprus issue in great detail and who are disposed toward solving the Cyprus tragedy. I can personally attest to this through my work with them in the Carter administration and in the Dukakis presidential campaign. Language in your subcommittee's bill can send a very strong message to the administration, and to those who are keeping the Cyprus issue from solution -- that the United States Congress will not rest until the Cyprus tragedy has been corrected.

Likewise, the Macedonian issue, which at the moment is very threatening to the stability of our ally Greece and therefore to America's security interests in the Balkans and the Eastern Mediterranean, can benefit greatly from a message that is sent in your legislation. The administration, which is well disposed on the Macedonian issue and has been proactive in helping keep this issue from destabilizing our ally Greece, will be reinforced by your subcommittee's commitment to the issue.

The Macedonian issue is difficult for many Americans to understand, although it is quite simple. Let me take a moment to share a direct analogy with you that makes this issue clear. I will quote from a highly respected career diplomat who served as ambassador to Greece, Mr. Robert Keeley. He said, "Suppose the federal republic of Mexico broke up into five or six pieces and the northernmost provinces declared independence, adopted the name 'Texas,' printed new money with a picture of the Alamo on it, flew a flag closely resembling that of our own 'Lone Star State,' and its compatriots in the U.S. published maps showing Texas as part of the new Mexican state, thus restoring Texas to its former Mexican owners." How would Americans feel about those who would want to recognize this new country? The Macedonian issue is not an issue solely, or even primarily, about a name. It is instead

about a little want-to-be country north of Greece stubbornly insisting on recognition and also the right to send very threatening signals to our long-time ally which is strategically crucial to our country's security interests, Greece.

Mr. Chairman, we have been coming before you for some years now concerned about these issues involving Greece and Cyprus which are threatening to America's security interests. This year is a real opportunity to put these problems for the United States behind us. We strongly encourage you to work closely with the Clinton administration and aggressively against those who stand in the way of solving these long time problems.

STATEMENT OF MAJ. GEN. ELMER PENDLETON, (retired), INTERNATIONAL ADVISORS

Senator FEINSTEIN. Mr. Pendleton.

General PENDLETON. Madame Chairman, thank you very much for the opportunity to appear before your committee. I just returned from Turkey last Saturday night, where it is interesting to watch a country of about 60 million people, as they pursue their many interests in working toward the next century.

As I am sure you are aware, over the weekend they took steps to probably have their first female Prime Minister, which in that part of the world is a major step.

It is well known that Turkey played a very crucial role during the cold war, to contain Soviet communism. Unlike most other major cold war allies, however, Turkey's strategic value to the United States has actually increased since the collapse of the Soviet empire.

Secular, democratic Turkey is at the center of a vast region increasingly troubled by ethnic conflict, civil war, weapons proliferation, religious fundamentalism, and terrorism. I believe it is in our national interests to contain these threats, and no one is in a better position to help us to do so than is Turkey.

I am concerned that aid levels for this important ally have been declining in recent years, and I urge you to fund aid for Turkey fully in fiscal year 1994. To illustrate the heightened importance of United States-Turkish cooperation in the post-cold war era, I ask you to imagine what the world would be like today without Turkey as a strong ally of the United States.

First, you should consider the difficulties that we would have faced during the war in the gulf. As we know, the military victory achieved by the allies would have exacted a higher price in dollars and human lives, had Turkey not allowed the use of airbases in its territory, and mobilized forces in its southeastern region, to tie down roughly 100,000 Iraqi troops.

Also, the economic embargo against Sadaam would have disintegrated long ago without Turkey's steadfast participation, at great expense to themselves. Operation Provide Comfort, which aids and protects Iraqi Kurds threatened by Sadaam's regime, would be impossible to administer without the full cooperation from Turkey, which borders the predominantly Kurdish regions of Iraq.

Without Turkey as an ally, the United States would have fewer means at its disposal for effectively checking the dangerous ambitions of Turkey's other neighbors in the Middle East. Both Iran and Syria support international terrorism, and are accused of seeking

to acquire weapons of mass destruction. As long as it remains militarily strong, Turkey can continue to deter aggression and encourage stability vis-a-vis these countries.

Another area of current concern is west of Turkey in the Balkans. With Turkey's strong voice in favor of curbing Serbian aggression in Bosnia, the United States has a strong NATO ally for the Clinton administration's option of using air power in the Yugoslav crisis. While the world waits and hopes for a peaceful resolution of the conflict, Turkish aircraft are helping to enforce the U.N.'s no-fly zone over Bosnia.

In Somalia, too, the absence of Turkish participation would make a difference. Turkey has played an important role in Operation Restore Hope, and a Turkish general currently commands U.N. forces in Somalia.

I could go on to other areas, to include the Caucasus; Central Asia; Azerbaijan or Armenia, where Turkey is playing a very important role; as well as some of the issues that we see between the Ukraine and Russia.

PREPARED STATEMENT

I would like to say, in closing, I appreciate the difficulty and the gravity of your task. Under unprecedented budget constraints, you must make appropriations decisions now that will affect global security well into the 21st century. In this context, I want to emphasize that military aid to Turkey is not a relic of the cold war, but a prudent investment in the realization of current top-priority United States foreign policy and national security goals.

As Secretary Christopher was quoted in his visit to Turkey this past weekend: "Turkey lives in a tough neighborhood." Thank you for the opportunity to appear before your subcommittee.

Senator FEINSTEIN. Thank you, Mr. Pendleton.

[The statement follows:]

STATEMENT OF MAJ. GEN. ELMER PENDLETON (retired)

Mr. Chairman, members of the Subcommittee:

Thank you for the opportunity to share my observations about the continuing importance of U.S. security assistance for Turkey.

It is well known that Turkey played a crucial role in the effort to contain Soviet communism during the Cold War. It is apparently less widely appreciated that Turkey's strategic value to the United States has actually increased since the collapse of the Soviet Empire. This cannot be said of any other major Cold War ally. Secular, democratic Turkey is at the center of a vast, increasingly unstable region. In this part of the world, the break-up of the Soviet Union has unleashed the forces of ethnic conflict, civil war, weapons proliferation, religious fundamentalism, and terrorism. It is in our national interest to contain these threats, and no one is in a better position to help us do so than Turkey. I am concerned that aid levels for this important ally have been declining in recent years and I urge you to fund aid for Turkey fully in FY94.

To illustrate the heightened importance of U.S.-Turkish cooperation in the post-Cold War era, I ask you to imagine what the world would be like today without Turkey as an ally of the United States. Assume, for the sake of this exercise, what is clearly not true today: that Turkey is either unwilling or unable to act in partnership with the U.S. to achieve common goals.

First, you should consider the difficulties that we would face in the Middle East. Without Turkey's cooperation, the Gulf War coalition that defeated Iraq in Desert Storm would not have materialized. The military victory achieved by the Allies would have exacted a higher price in dollars and human lives had Turkey not allowed the use of air bases in its territory and mobilized forces in its southeastern region to tie down roughly 100,000 Iraqi troops. Also, the economic embargo against Saddam would

have disintegrated long ago without Turkish participation. Turkey continues to participate in the embargo, despite the large annual cost of foregoing trade with its neighbor.

Operation Provide Comfort, which aids and protects Iraqi Kurds threatened by Saddam's regime, would be impossible to administer without full cooperation from Turkey, which borders the predominantly Kurdish regions of Iraq.

Without Turkey as an ally, the United States would have fewer means at its disposal for effectively checking the dangerous ambitions of Turkey's other neighbors in the Middle East: Iran and Syria. These countries are a threat to regional stability. They support terrorism and seek to acquire weapons of mass destruction. Secretary of State Christopher recently singled out Iran as "the most worrisome" of the countries engaged in clandestine weapons development. U.S. intelligence reports have reportedly revealed that Iran is in the process of acquiring biological weapons agents from European sources and ballistic missiles with a range of 600 miles from North Korea. The CIA has concluded that Iran may develop a nuclear weapon by the end of the decade. Turkey has no defenses against such weapons, but as long as it remains militarily strong, Turkey can continue to deter aggression and encourage stability in the region.

Another area of current concern is West of Turkey, in the Balkans. Without Turkey's strong voice in favor of curbing Serbian aggression in Bosnia, the U.S. would lack any support among its NATO allies for the Clinton Administration's option of using air power in the Yugoslav crisis. While the world waits and hopes for a peaceful resolution of the conflict, Turkish aircraft are helping to enforce the U.N.'s "no-fly zone" over Bosnia.

In Somalia, too, the absence of Turkish participation would make a difference. Turkey has played an important role in Operation Restore Hope and a Turkish General currently commands U.N. forces in Somalia.

Finally, I ask you to imagine the difficulty of fostering democracy and free enterprise in the former Soviet Union without Turkey's assistance. Turkey has strong ethnic, linguistic, and cultural ties with many of the peoples of the Caucasus and Central Asia. (I had the good fortune to visit these countries first hand last year). We are fortunate that Turkey is allied with us, not just in the geopolitical sense, but philosophically as well. Turkey is the only predominantly Muslim country in the world that has embraced democratic political institutions and free-market economic principles. As such, it is a important role model, not just for Central Asia, but for the Middle East as well. This is particularly important because another model, that of an Islamic fundamentalist state, is being actively promoted in the region through terror, propaganda and rapidly increasing military capability. In recent years, Turkey has led by example, showing the rest of the Muslim world that Islam and democracy are not incompatible. Turkey has also taken affirmative steps to encourage regional economic cooperation and to establish educational, business and cultural ties with its newly-free neighbors in Central Asia.

Without the close cooperation of Turkey and the United States, prospects for peace between the two former Soviet republics of Armenia and Azerbaijan would be greatly diminished. Turkey's elected leaders have courageously resisted the temptation to "take sides" in the dispute over Nagorno-Karabakh, despite strong support for Azerbaijan within Turkey and considerable condemnation of Armenia by the world community. In the interests of peace, the Government of Turkey has taken a constructive, even-handed approach. It has offered humanitarian

assistance to both sides in the conflict and worked with the United States, Russia, and the concerned parties to achieve a negotiated settlement. Turkey has also tried to be even-handed with Georgia and the problems within that country.

I have not covered the critical Ukraine-Russian situation, but needless to say, these Black Sea neighbors of Turkey add to the concern and need for stability in the area. By asking you to imagine a world in which Turkey was not an ally and partner of the United States, I hope that I have underscored the increasing importance and relevance of U.S.-Turkish cooperation. An important dimension of that cooperation has been military aid, which is more necessary now than ever before. Turkey is threatened on all sides by civil wars, ethnic conflict, and other forms of aggression. Military aid from the United States funds an ongoing program of urgently-needed Turkish defense modernization. Turkey is streamlining its armed forces, acquiring modern defense equipment, and increasing its mobility and rapid response capability. For most of its requirements under this program, Turkey relies on American defense firms. Although I am concerned with the primary need to modernize the Turkish Armed Forces, I would be negligent if I did not point out that military aid is a good investment in a very literal sense; it creates jobs in the U.S. and helps to maintain our defense industrial base.

Unfortunately, the recent shift from grant aid to loans severely reduces the value of U.S. aid received by Turkey and threatens Turkey's ability to modernize its forces in a way that benefits both Turkey and the United States. During the next five years, Turkey will pay almost a quarter of a billion dollars annually just to service FMF debt to the United States.

I appreciate the difficulty and the gravity of your task. You must make foreign aid appropriations decisions now that will

affect global security well into the 21st century. And you must do so under unprecedented budgetary constraints. In this context, I want to emphasize that military aid to Turkey is not a relic of the Cold War, but a prudent investment in the realization of current, and projected top-priority U.S. foreign policy and national security goals. Thank you.

STATEMENT OF NICHOLAS LARIGAKIS, ON BEHALF OF THE AMERICAN HELLENIC INSTITUTE PUBLIC AFFAIRS COMMITTEE, INC.

Senator FEINSTEIN. Mr. Larigakis.

Mr. LARIGAKIS. Thank you, Madame Chairwoman. I am presenting testimony here today on behalf of, in the absence of Mr. Eugene Rossides, who is outside the country.

I appreciate the opportunity to present this testimony to you, on behalf of the American Hellenic Institute Public Affairs Committee, the Cyprus Federation of America, and the Pan-Pontian Federation of America, on the administration's fiscal year 1994 foreign assistance request regarding Greece, Turkey and Cyprus.

At the outset, we express our congratulations to the subcommittee members, and particularly to Chairman Leahy and Senator D'Amato for the result of last year's action on the foreign aid appropriations bill, in which the administration's request for \$450 million in grant military aid to Turkey was converted to loans. While grant economic assistance to Turkey was increased by \$50 million, to \$125 million, the overall result was a significant change for the better.

The administration has proposed military aid to Greece in the amount of \$315 million, and to Turkey in the amount of \$450 million, which is in accordance with the ratio of 7 to 10 initiated by the Congress. These amounts are in the form of loans, and the terms of both countries are the same. We welcome the administration's support of the 7-to-10 military aid ratio.

Unfortunately, the administration continues to propose economic grant assistance for Turkey, and actually proposed an increase from last year's \$125 million of \$143 million, to \$125 million for fiscal year 1993, was \$50 million over the fiscal year 1992 amount of \$75 million, and was part of the compromise with the House conferees on converting \$450 million in grant military aid for Turkey to loans. Greece receives no economic aid.

President Clinton has proposed \$1.5 billion in cuts in the foreign aid program over the next 5 years. Aid to Turkey, Madame Chairwoman, should be the first such cut. With our huge debt and annual deficit, our enormous domestic needs, and the economic package of spending cuts and tax increases proposed by President Clinton, including substantial cuts in our defense budget, it is unreasonable to continue any military and economic aid to Turkey.

The end of the cold war, the demise of the Warsaw Pact, the breakup of the Soviet Union, the demise of communism there and in Eastern Europe, the reduction of Armed Forces in the United States, NATO, and the former U.S.S.R., the lack of any real threat

to Turkey, and Turkey's horrendous rights record are further reasons to, not to authorize aid to Turkey.

Senator, in the interests of the United States, we propose the following. No. 1, we oppose all military and economic aid to Turkey for the 22 reasons which are embodied in this testimony. No. 2, we support a reduction in military aid for Greece after Turkey removes its illegal 35,000-man army of occupation and its 80,000 illegal colonists from Cyprus; and Turkey's 125,000-man army of the Aegean, aimed at Greece's Aegean Islands, is disbanded.

No. 3, we support the traditional amount of \$15 million in humanitarian aid for Cyprus. No. 4, if the subcommittee authorizes aid to Turkey, and we strongly urge you not to, then the ratio of military aid between Greece and Turkey should be maintained at the 7 to 10, if not 1 to 1, and the terms should be equal.

As a matter of law, Turkey is presently ineligible for foreign aid under sections 116 and 502-B of the Foreign Assistance Act of 1961, as amended, because of its continuing and substantial human rights violations in Turkey and in Cyprus.

On December 29, 1992, Helsinki Watch released a 78-page report entitled: "Broken Promises: Torture and Killings Continue in Turkey." And it is a devastating report of brutality and barbarism. Helsinki Watch formally, and I quote: "recommends that the United States end all military and security assistance to Turkey, until Turkey stops its consistent pattern of gross human rights abuses."

Turkey is also ineligible for foreign aid because of its failure to negotiate in good faith a Cyprus settlement, as required by the amendment lifting the remaining partial embargo in 1978. Turkey and the Turkish Cypriots were responsible for the breakdown in November 1992 of the U.N. Cyprus peace talks.

And once again the Turkish Cypriots, with Turkey's support, have blocked progress to a settlement with the latest talks held in New York under U.N. auspices, which started the week of May 24, 1993. Denktash blocked the return of Famagusta for the immediate resettlement of refugees, with new demands which fall outside the U.N. documents and procedure.

The last President of the Security Council, the Russian representative, Yuliy Vorontsov, publicly blamed the Turkish Cypriots for the lack of progress in the U.N.-sponsored Cyprus peace talks. Furthermore, the next round of talks, scheduled to have begun only yesterday in New York, have been postponed because of Rauf Denktash's declining to adhere to the agreed resumption of joint meetings.

In a statement released by Secretary-General Boutros Boutros-Ghali, he states that he, and I quote: "Regrets very much that Mr. Denktash has unilaterally departed from the agreement of June 1, and that as a consequence, the joint meetings will not resume at the United Nations headquarters as planned."

Further, Turkey is ineligible for United States aid because of its continuing violations of the United Nations Charter and the North Atlantic Treaty, by its invasion of Cyprus in 1974, and its occupation of 37 percent of Cyprus for 19 years with 35,000 illegal occupation troops and 80,000 illegal Turkish colonists.

Money is fungible, and our military economic aid to Turkey covers costs of occupation of Cyprus, its costs of the several foreign

agents including Hill & Knowlton and International Advisors. Continuing to authorize military aid, military and economic aid to Turkey, only encourages Turkey and the Turkish Cypriots' intransigence on Cyprus and Turkey's adventurism in the Balkans.

PREPARED STATEMENT

In conclusion, the following 22 reasons, which again are in the full text of this testimony, shows why it is not in the interests of the United States to give military and economic aid to Turkey; and includes facts and reasons why Greece is extremely important to the national security interests of the United States, and why Turkey is of questionable value to those interests and is an unreliable ally.

Madam Chairwoman, I recommend that you and the subcommittee take time to read those comments, and form your own conclusion. I thank you very much.

Senator FEINSTEIN. Thank you very much.

[The statement follows:]

STATEMENT OF EUGENE T. ROSSIDES, ON BEHALF OF THE AMERICAN HELLENIC INSTITUTE

Chairman Leahy and Members of the Subcommittee:

I appreciate the opportunity to present testimony to you on behalf of the American Hellenic Institute Public Affairs Committee, Inc., the Cyprus Federation of America, Inc., and the Pan-Pontian Federation of America, Inc. on the Administration's Fiscal Year 1994 foreign assistance request regarding Greece, Turkey and Cyprus.

At the outset, Mr. Chairman, we express our congratulations to the Subcommittee members and particularly to you and Senator D'Amato for the result of last year's action on the foreign aid appropriations bill in which the Administration's request for \$450 million in grant military aid to Turkey was converted to loans. While grant economic assistance to Turkey was increased by \$50 million to \$125 million, the overall result was a significant change for the better.

We followed the matter closely and wrote to the House and Senate Appropriations Committees in support of your actions and those of Congressman David Obey. Attached to my testimony as Exhibits 1 and 2 are our letters of September 15 and September 21, 1992.

The Administration has proposed military aid to Greece in the amount of \$315 million and to Turkey in the amount of \$450 million which is in accordance with the ratio of 7:10 initiated by the Congress. These amounts are in the form of loans and the terms for both countries are the same. We welcome the Administration's support of the 7:10 military aid ratio.

Unfortunately the Administration continues to propose economic grant assistance for Turkey and actually proposed an increase from last year's \$125 million to \$143 million. The \$125 million for FY'93 was \$50 million over the FY'92 amount of \$75 million and was part of the compromise with the House conferees on converting \$450 million in grant military aid for Turkey to loans.

Greece receives no economic aid.

The Administration has proposed \$15 million in humanitarian aid for Cyprus.

President Clinton has proposed \$1.5 billion in cuts in the foreign aid program over the next five years. Aid to Turkey should be the first such cut.

With our huge debt and annual deficit, our enormous domestic needs and the economic package of spending cuts and tax increases proposed by President Clinton, including substantial cuts in our defense budget, it is unreasonable to continue any military and economic aid to Turkey.

The end of the Cold War, the demise of the Warsaw Pact, the breakup of the Soviet Union, the demise of communism there and in Eastern Europe, the reduction of armed forces in the United States, NATO and the former U.S.S.R., the lack of any real threat to Turkey and Turkey's horrendous human rights record, are further reasons not to authorize aid to Turkey.

In the interests of the United States:

1. We oppose all military and economic aid to Turkey for the twenty-two reasons which are set forth below;

2. We support a reduction in military aid for Greece after Turkey removes its illegal 35,000 man army of occupation and its 80,000 illegal colonists/settlers from Cyprus and Turkey's 125,000 man Army of the Aegean aimed at Greece's Aegean islands is disbanded. Turkey is the main security threat to Greece. For career officials in the State Department and Defense Department to deny this is to deny reality. Turkey has been maneuvering in the Balkans, in Albania and with Bosnia and Skopje.

3. We support the traditional amount of \$15 million in humanitarian aid for Cyprus.

4. If the Subcommittee authorizes aid to Turkey, and we strongly urge it not to, then the ratio of military aid between Greece and Turkey should be maintained at 7 to 10, if not 1 to 1, and the terms should be equal.

As a matter of law, Turkey is presently ineligible for foreign aid under Sections 116 and 502B of the Foreign Assistance Act of 1961, as amended, because of its continuing and substantial human rights violations in Turkey and in Cyprus.

On December 29, 1992, Helsinki Watch released a 78 page report entitled Broken Promises: Torture and Killings Continue in Turkey. It is a devastating report of brutality and barbarism, including killings by Turkish security forces on an organized scale and the assassination of 165 Kurdish community leaders in Southeast Turkey. I urge the Subcommittee members to read the three-page press release accompanying the report which is attached to my testimony as Exhibit 3.

Helsinki Watch formally "recommends that the United States end all military and security assistance to Turkey until such time as Turkey no longer manifests" the "consistent pattern of gross human rights abuses" set forth in the report, "or state clearly, as required by Section 502B of the Foreign Assistance Act, what extraordinary circumstances warrant the provisions of such aid."

I also urge the Subcommittee members to read the op-ed page article by Jack Healy, executive director, and Maryam Elahi, program officer of Amnesty International, which appeared in the Washington Post, January 5, 1993, page A15, which is attached to my testimony as Exhibit 4. It also is a grim report of brutalities by Turkish officials.

Turkey is also ineligible for foreign aid because of its failure to negotiate in good faith a Cyprus settlement as required by the amendment lifting the remaining partial embargo in 1978.

Turkey and the Turkish Cypriots were responsible for the breakdown in November, 1992, of the U.N.-sponsored Cyprus talks. According to UN Secretary-General Boutros Boutros-Ghali, the Greek Cypriots negotiated "in good faith and in conformity with international law" while the Turkish Cypriots (backed by Turkey) refused to accept the UN's "set of ideas" as a framework for a solution. The Turkish Cypriots diverged from the "set of ideas" in three fundamental areas: the concept of a federation, displaced persons and territorial adjustments.

Once again the Turkish Cypriots (with Turkey's support) have blocked progress to a settlement in the latest talks held in New York under U.N. auspices which started the week of May 24, 1993. Denktash blocked the return of Famagusta for the immediate resettlement of refugees with new demands which fall outside the U.N. documents and procedure. The last President of the Security Council, the Russian representative, Yuliy Vorontsov, publicly blamed the Turkish Cypriots for the lack of progress in the U.N.-sponsored Cyprus peace talks. Cyprus' new President, Glafcos Clerides, represented the government of Cyprus. Furthermore, the next round of talks scheduled to have begun June 14 in New York have been postponed because of Rauf Denktash declining to adhere to the agreed resumption of the joint meetings. In a statement released by Secretary General Boutros Boutros-Ghali, he states that he *"regrets very much that Mr. Denktash has unilaterally departed from the agreement of June 1 and that as a consequence the joint meetings will not resume at the United Nations headquarters as planned."*

Further, Turkey is ineligible for United States aid because of its continuing violations of the United Nations Charter and the North Atlantic Treaty by its invasion of Cyprus in 1974 and its occupation of 37.3% of Cyprus for nineteen years with 35,000 illegal occupation troops and 80,000 illegal Turkish colonists/settlers..

Money is fungible. Our military and economic aid to Turkey covers Turkey's costs of its occupation of Cyprus, its costs of the several foreign agents it has hired in the United States and part of the costs of its 125,000 man Army of the Aegean aimed at Greece's Aegean islands.

Our massive aid to Turkey since the remaining partial embargo was lifted in 1978 has been a major obstacle to a settlement of the Cyprus problem.

Continuing to authorize military and economic aid to Turkey only encourages Turkey's and the Turkish Cypriots' intransigence on Cyprus and Turkey's adventurism in the Balkans.

The following twenty-two reasons why it is not in the interests of the United States to give military and economic aid to Turkey include the facts and reasons why Greece is extremely important to the national security interests of the United States and why Turkey is of questionable value to those interests and is an unreliable ally.

Turkey's foreign agents, Hill & Knowlton, International Advisors, Inc. and others, have been an integral part of Turkey's misinformation program aimed at covering up Turkey's horrendous human rights violations and questionable value as a reliable ally.

Twenty-two Reasons Why It Is Not In The Interests Of The United States To Give Military And Economic Aid To Turkey

Each of the following twenty-two reasons is enough to halt all military and economic aid to Turkey, and several of them justify immediate economic sanctions against Turkey:

1. Our huge public debt and large annual budget deficit are reasons enough not to give Turkey any of our tax dollars.
2. Our enormous domestic needs should obviously take precedence over a giveaway to Turkey
3. The end of the Cold War.
4. The demise of the Warsaw Pact
5. The demise of communism in the former U.S.S.R.
6. The breakup of the U.S.S.R.
7. The lack of any meaningful threat to Turkey.

What is the threat to Turkey that requires massive U.S. military aid? It makes no sense for the U.S. to continue to send huge amounts of military aid to Turkey with the end of the Cold War, the demise of the Warsaw Pact, the reduction of forces in the United States, NATO and the former U.S.S.R., and our huge budget deficit and enormous domestic needs. Arms aid and economic aid to Turkey should be ended now.

In fiscal 1991 Turkey received nearly a billion dollars in U.S. aid, not including excess defense articles sent to Turkey. Desert Storm equipment and weapons left in Turkey by Germany and surplus weapons sent since the war amounted to another billion and a half dollars.

8. Turkey's abduction of five Americans at gun point in 1974 and its refusal to release or account for them. There is credible evidence that one of the five, Andrew Kassapis of Detroit, Michigan, was killed by Turkish forces. Kassapis' kidnapping with another person at gun point by the Turkish forces/Turkish Cypriot militia was witnessed by his parents and others. Ambassador Nelson Ledsky, the United States Special Coordinator for Cyprus, in his testimony on April 17, 1991, before the Senate Foreign Relations Subcommittee on European Affairs stated that Rauf Denktash, the Turkish Cypriot leader, told him "only yesterday at lunch" that he "has personally looked into this situation and he could - he did assure the family that this boy was not alive and died in the first few days of fighting in July 1974." (Cyprus: International Law and the Prospects for Settlement, Hearing before the Senate Foreign Relations Subcommittee on European Affairs, 102nd Cong., 1st Sess. 16 (1991))

The evidence is clear. The reasoning is obvious-the boy was in the custody of Turkish forces and if he was killed in the first few days of fighting, he was killed by Turkish forces.

We have called for an investigation of the matter and an investigation of the fate of the other four Americans taken at gun point by the Turks in 1974.

9. The taking of property owned by American citizens in the Turkish occupied territory by Turkish forces and the illegal Turkish Cypriot regime, headed by Rauf Denktash, and the illegal use of the property for illegal gains. I would estimate that there are several hundred Americans whose property has been illegally taken.

10. Turkey's numerous violations of law stemming from its invasion of Cyprus in 1974, which violations continue to date:

a. the United Nations Charter preamble "that armed force shall not be used, save in the common interest" and article 2 paragraph 4 which states that "all members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the United Nations." UN Charter article 2(4) is the provision Iraq violated by its invasion of Kuwait;

b. the North Atlantic Treaty article 1 which states that "the Parties undertake...to refrain in their international relations from the threat or use of force in any manner inconsistent with the purpose of the United Nations;"

c. the human rights sections 116 and 502B of the Foreign Assistance Act of 1961, as amended, by its actions in Cyprus, a number of which are continuing and substantial, and the arms sections of that Act and the Foreign Military Sales Act;

d. the European Convention on Human Rights (1950);

The European Commission on Human Rights, in its report dated July 10, 1976, regarding two complaints filed by the Cyprus Government, found Turkey guilty of violating the following articles of the European Convention on Human Rights by its actions in Cyprus:

- (1) Article 2-by killings of innocent civilians committed on a substantial scale;
- (2) Article 3-by rapes of women of all ages from 12 to 71;
- (3) Article 3-by inhuman treatment of prisoners and persons detained;
- (4) Article 5-by deprivation of liberty with regard to detainees and missing persons-a continuing violation; In addition to the 5 Americans taken by the Turks, there are 1,614 missing Greek Cypriots out of a total of 570,000 Greek Cypriots.
- (5) Article 8-by displacement of persons, creating more than 170,000 Greek Cypriot refugees, and by refusing to allow the refugees to return to their homes-a continuing violation;
- (6) Article 1 of the First Protocol to the Convention -by deprivation of possessions, looting and robbery on an extensive scale.

The London Sunday Times published excerpts of the report and stated: "It amounts to a massive indictment of the Ankara government for the murder, rape and looting by its army in Cyprus during and after the Turkish invasion of summer 1974." (London Sunday Times, Jan. 23, 1977).

Turkey, by its actions in Cyprus, is in violation of the human rights sections 116 and 502B of the Foreign Assistance Act of 1961, which violations of internationally recognized human rights continue to date.

In a second report dated 1983 regarding a third complaint which was released on April 3, 1992 after nine years of delaying tactics by Turkey, the European Commission on Human Rights again found Turkey guilty of continuing violations of Articles 5 and 8 and Article 1 of Protocol No. 1 of the European Convention.

e. the United Nations Universal Declaration of Human Rights (1948) Violations of the European Declaration on Human Rights also constitute violations of the comparable articles of the Universal Declaration of Human Rights;

f. the fourth Geneva Convention of 1949 regarding protection of civilians states in section III, article 49 that the occupying power shall not transfer or transport persons from their own country to the occupied territory. There are today an estimated 80,000 illegal colonists/settlers from Turkey in the occupied part of Cyprus

g. Protocol I to the fourth Geneva Convention of 1949, part V, article 85, also prohibits the transfer of persons from the occupying powers country to the occupied territory;

h. Article IV of the Treaty of Guarantee under the London-Zurich Agreement of 1959-60. That Treaty did not authorize the use of force. If the word "action" in Article IV is to be interpreted as authorizing force, then that article is void ab initio under article 103 of the UN Charter as contrary to the Charter. (See David Hunt, "Cyprus. A Study in International Relations" 11 (1980), the Montague Burton Lecture in the University of Edinburgh. Hunt was Britain's High Commissioner in Cyprus from 1965 to 1966; see also Rossides, "Cyprus and the Rule of Law," 17 Syracuse Journal of International Law and Commerce 21, at pp. 55-60 (1991), (hereinafter "Cyprus and the Rule of Law")); and

i. numerous UN General Assembly and Security Council Resolutions on Cyprus.

Turkey's violations of law are extensively discussed and documented in my article, "Cyprus and the Rule of Law."

No one in the State and Defense Departments wants to talk of these violations of law by Turkey which are more extensive than the violations of law by Iraq in its invasion of Kuwait. The double standard for Turkey must end.

The Cyprus issue is one of aggression and land grab through brute force by Turkey in violation of the UN Charter and international law. It is not a question of minority rights. The substantive proposals made over the years by the Greek Cypriots encompass the language of the Universal Declarations of Human Rights and the European Convention on Human Rights. Protection of minority rights can also be aided by allowing for appeal to outside institutions such as the United Nations, the European Commission on Human Rights and the International Court of Justice at the Hague. Turkey and Denktash have used this issue to create an excuse for their apartheid and partition policies.

11. Turkey's **human rights violations** against its own citizens generally and in particular against its 12 million Kurdish citizens who constitute a 20% minority (See the recent 78 page Helsinki Watch report, Broken Promises: Torture and Killings Continue in Turkey, released on Dec. 29, 1992, the Freedom House Annual Survey for 1991, the Human Rights Watch Report released in January, 1992, the Humanitarian Law Project Report, "The Current Conflict Between Turkish Armed Forces and the Kurds of Southeast Anatolia," July 17, 1991, the Helsinki Watch report, "Denying Human Rights and Ethnic Identity- The Greeks in Turkey," March 1992, the Report of the Association of the Bar of the City of New York on "Torture in Turkey: The Legal System's Response," 45 Record 6-131, 1990, the several Amnesty International reports on Turkey, and the recent op-ed. page article by Jack Healy, executive director, and Maryam Elahi, program officer, Amnesty International, in the *Wash. Post*, Jan. 5, 1993, A15. Also see "Cyprus and the Rule of Law" footnote 122, page 62.) The three-page press release on the Dec. 29, 1992, 78 page Helsinki Watch report is attached as Exhibit 3 and the op-ed page article in the *Wash. Post*, Jan. 5, 1993, by officials of Amnesty International is attached as Exhibit 4.

Helsinki Watch "recommends that the United States end all military and security assistance to Turkey until" Turkey stops its "consistent pattern of gross human rights abuses." (See Helsinki Watch report Broken Promises: Torture and Killings Continue in Turkey, Dec. 29, 1992)

Turkey seeks an undemocratic 50% voting status and a rotating presidency for the 18% Turkish Cypriot minority while denying basic human rights to its 20% Kurdish minority. Turkey is not willing to offer its Kurdish minority what it seeks for the Turkish Cypriot minority.

Germany halted for a period of time all military aid to Turkey because of Turkish armed attacks including air strikes on the Kurds in Turkey and in Iraq utilizing in part German military equipment. The United States did not follow Germany's lead. The State Department spokesperson actually commended the Turks. (See Spokesperson Margaret Tutwiler press briefings, March 25 and 26, 1992.)

The New York Times in an editorial (April 1, 1992) stated that "Turkish Kurds have been subject to systematic human rights violations, including torture." The editorial also stated that: "The international community is...morally bound to demand that...Ankara cease [its] ugly repression of Kurdish civilians before it becomes genocide."

Turkey challenged basic United States policy toward Iraq, particularly Operation Provide Comfort, on behalf of the Iraqi Kurds, when the foreign ministers of Turkey, Iran and Syria met in Ankara on Nov. 14, 1992. The foreign ministers issued a strong, blunt attack on the new administration of Iraqi Kurdistan. A month earlier they had rejected the Iraqi Kurdish parliament's declaration envisioning a federalized government in a more democratic, pluralistic Iraq (Murphy: "Key States Warn U.S. Over Kurds -- Turkey, Iran, Syria Challenge U.S. Role," *Wash. Post*, Nov. 15, 1992, page A33, col. 1.)

12. Since money is fungible, United States aid subsidizes the cost to Turkey of (a) Turkey's illegal occupation of almost 40% of Cyprus, (b) the several foreign agents Turkey employs in the United States for over \$3.4 million annually according to Department of Justice records (including Hill and Knowlton at \$1.1 million and International Advisors, Inc., at \$6 million), (c) and part of the costs of Turkey's 125,000 Army of the Aegean aimed at Greece's Aegean Islands, and (d) part of the costs of the Turkish military which is used to suppress Turkey's Kurdish minority.

Our massive aid to Turkey since the remaining partial embargo was lifted in 1978 has been a major obstacle to a settlement of the Cyprus problem.

Continuing to authorize military and economic aid to Turkey only encourages Turkey's and the Turkish Cypriots' intransigence in the Cyprus negotiations and Turkey's adventurism in the Balkans.

13. Turkey and the Turkish Cypriots were responsible for the breakdown in Nov., 1992, of the UN sponsored Cyprus talks. According to UN Secretary-General Boutros Boutros Ghali, the Greek Cypriots negotiated "in good faith and in conformity with international law" while the Turkish Cypriots (backed by Turkey) refused to accept the UN's "set of ideas" as a framework for a solution. The Turkish Cypriots diverged from the "set of ideas" in three fundamental areas: the concept of a federation, displaced persons and territorial adjustments.

Once again the Turkish Cypriots (with Turkey's support) have blocked progress to a settlement in the talks held in New York under U.N. auspices which started the week of May 24, 1993. Denktash blocked the return of Famagusta for the immediate resettlement of refugees with new demands which fall outside the U.N. documents and procedure. The current President of the U.N. Security Council, the Russian representative, Yuliy Vorontsov, blamed the Turkish Cypriots for the lack of progress in the U.N.-sponsored Cyprus peace talks.

14. Turkey has failed to negotiate in good faith a Cyprus settlement as required by the amendment lifting the remaining partial embargo in 1978. The provisions of the original embargo should therefore be implemented against Turkey. In 1974 Turkey violated Section 505(d) of the

Foreign Assistance Act of 1961, as amended, and Section 3(c) of the Foreign Military Sales Act, by the misuse of United States-supplied arms for its aggression in Cyprus; see Comptroller General's opinion letter of October 7, 1974; 120 Cong. Rec. 34,672 (1974) and the several congressional debates from September through December, 1974; Lawrence Stern, *The Wrong Horse* 149 (1977).

Turkey and the Turkish Cypriots have failed to submit, as promised, negotiating proposals regarding territory, constitutional arrangements and refugees since 1977. On September 11, 1991, in Paris the Turkish Prime Minister reneged on understandings that had been conveyed to the UN Secretary General and the State Department and scuttled plans for an international conference favored by the United States.

15. United States intelligence facilities in Turkey are, and have been for many years, unnecessary and duplicative of other superior listening posts and satellites. For many years we have called for their closing. Several were closed last year and it was recently announced that five more such facilities in Turkey would be closed. The remaining ones should also be closed and the estimated 4,000 remaining American troops should be brought home. It is a waste of U.S. taxpayer dollars to keep any listening facilities open in Turkey and American troops there. (See "Cyprus and the Rule of Law," page 79 footnote 187.)

16. Turkey is an unreliable ally who aided the former U.S.S.R. militarily. Example's of Turkey's unreliability are set forth in "Cyprus and the Rule of Law," page 79, footnote 187. Turkey also refused to cosponsor the United States initiative in the UN to revoke the infamous resolution equating Zionism with racism and abstained on the vote.

17. The Persian Gulf War demonstrated that Greece, not Turkey, is the strategic key to the projection of United States power in the Eastern Mediterranean and Persian Gulf. The NATO naval base in Suda Bay, Crete, is the key base for the projection of United States power in the Eastern Mediterranean and the Persian Gulf through the Sixth Fleet. The NATO naval base at Suda Bay is far more important to U.S. strategic interests than all the listening posts and bases in Turkey put together. President Bush recognized the importance of Suda Bay by his historic visit to the Suda Bay bases in July, 1991.

Turkey sat on the sidelines throughout Desert Shield, refusing to send any forces to the U.S.-led Coalition, refusing to authorize a second land front from Turkey (see *Wash. Post*, Jan. 16, 1991, at A6, col. 5), and refusing to allow the use of the NATO air base at Incirlik, Turkey.

Desert Storm began on January 16, 1991. It was not until over 24 hours after the air war had begun on January 16, 1991, and only after the Iraqi air force and air defenses had been neutralized and the U.S. had achieved air superiority, that Turkey allowed a limited number of sorties out of the Incirlik NATO air base. Only one out of twenty coalition sorties originated in Turkey, and these were clearly unnecessary. The Turkish military and Turkish public opinion opposed the use of Incirlik NATO air base.

Regarding the two oil pipelines from Iraq through Turkey to the Mediterranean coast, Iraq, not Turkey, closed the first oil pipeline and reduced the flow of oil through the second by 75 percent for lack of customers. Turkey refused to act to shut off the second pipeline until after the U.N. Security Council passed resolution 661 on August 6, 1990 (*Wash. Post*, Aug. 8, 1990, at A12, col. 4). Other countries acted right away.

Further, we did not need Turkey to halt the remaining 25% of the second pipeline since the naval blockade would have prevented any movement of Iraqi oil from Turkey's Mediterranean port if there had been any customers. Turkey's President Ozal admitted this in a news conference on June 7, 1991 in Istanbul when he stated: "If Turkey had not imposed an embargo and shut the pipeline it would have led to a blockade." (Associated Press, June 7, 1991)

Turkey had no choice but to close the remaining pipeline once the Security Council acted. Otherwise, she would have been in violation of Security Council Resolution 661 and Article 25 of the United Nations Charter, which requires member states to comply with Security Council

resolutions. By failing to implement S.C. Res. 661, Turkey would have jeopardized her relations with the rest of the nations who supported S.C. Res. 661, including the U.S., and the significant economic relations and aid from the U.S., other countries, and international organizations.

Turkey's proponents stress that Turkey closed its 206-mile border with Iraq. In reality, the border was never fully closed. There was large-scale, openly organized smuggling along the Turkey-Iraq border. (See *Wall St. Jour.*, Oct. 30, 1990, at 1, col. 1; Turkish newspapers, *Sabah*, Sept. 3, 1990, and *Cumhuriyet*, Sept. 22, 1990, and the weekly magazine, *Yuzil*, Sept. 9, 1990.)

Turkey's proponents also assert that Turkish troops "tied down" 100,000 Iraqi forces. Again, the reality is otherwise. The Iraqi troops were stationed along the Syrian and Turkish borders in Northern Iraq before the invasion of Kuwait and Iraq had no plans to move them south. Those troops had to be kept there in order to control the Kurds and check the Syrians.

While Turkey delayed support for the U.S. initiated freeze on commercial dealings with Iraq and negotiated for compensation, and sat on the sidelines throughout Desert Shield (Aug. 2, 1990-Jan. 16, 1991) the Mitsotakis government of Greece gave full support to Desert Shield/Desert Storm. Greece:

- (1) immediately condemned Iraq's aggression;
- (2) authorized from the first day of the crisis the use of the Suda Bay naval base to provide operational, logistical and command support for the U.S. Sixth Fleet 24 hours a day;
- (3) authorized the use of the U.S. air base at Suda bay to provide similar support to the U.S. Air Force in the build up of U.S. air power in Saudi Arabia and other Persian Gulf countries;
- (4) authorized military overflights and base access generally (the extraordinary number of over thirty-two thousand (32,000) military overflights of Greece occurred during Desert Shield/Desert Storm);
- (5) joined the coalition forces and sent two naval frigates to the Persian Gulf; and offered air combat patrols and medical facilities.

The Greek merchant marine played a substantial role in the movement of cargo to the Persian Gulf for the U.S. and allied forces. The Greek merchant marine is an important asset for U.S. and NATO interests that is often overlooked in considering the relative strategic and military values of Greece and Turkey.

18. Operation Desert Shield/Desert Storm demonstrated that Turkey is fundamentally irrelevant for protecting the oil resources in the Persian Gulf and of little value for U.S. national security interests in the present post-Cold War, post-Persian Gulf era.

The war proved that what is necessary for the protection of oil resources in the Persian Gulf is:

- (1) the cooperation of the Gulf states with the U.S. by authorizing U.S. air and land bases in those countries, not in Turkey;
- (2) the use of the NATO naval base at Suda Bay, Crete;
- (3) the use of the British bases in Cyprus; and
- (4) the use of the U.S. naval base and facilities in Diego Garcia in the Indian Ocean.

David C. Morrison, in a comprehensive article, discussed in detail the U.S. base facilities in the Persian Gulf countries. (See *National Journal*, March 23, 1991, at 675.)

19. Turkey's foreign agents now try to justify aid by saying Turkey can be influential regarding the new southern republics of the former U.S.S.R. That argument is irrelevant on the question of aid to Turkey. Turkey will pursue its interests regarding these new nations with or

without U.S. aid. Secondly, the U.S. does not need an intermediary with these new nations. Thirdly we do not need to create a new Ottoman Empire in that region or build up another potential Khomeini or Hussein. The Turkish government actually boasted in an ad in the April 29, 1992, *Wall Street Journal* that it could become a "regional superpower: the most influential nation in a vast area stretching from the Dalmatian coast to the borders of China." (See Rossides, "Turkish Deja-Vu", *American Orthodoxy*, Ethics and Public Policy Center, Winter, 1993, page 9.)

The idea that Turkey could serve as a model for the former Soviet Republics in Central Asia is not shared by area specialists. Barnett Rubin, Director of Columbia University's Center for the Study of Central Asia, states that:

the main obstacle to intelligent policy making in Central Asia is the repetition of the cold war pattern of looking for a threat and for a partner against that threat-- and then finding that the partner has a regional agenda that isn't yours....At the moment, the new threat perception is some kind of Iranian fundamentalism and our partner is so-called secular Turkey....I think that the Central Asian nations are not going to be the passive recipients of somebody else's models. (*N.Y. Times*, May 31, 1992, page 16 col. 2)

Another Columbia Center professor, Edward Allworth, said that making Turkey the model was a "simple-minded solution to a very complex problem." (*Ibid.*)

Senator Dennis DeConcini (D-AZ) praised Secretary Baker for opening embassies in the Central Asian republics but "he is concerned that Washington is listening too closely to fears of Islamic revivalism voiced for political reasons by old-guard communists still in power in several states." He "is also critical of the Administration's decision to meet the threat of Islamic militancy through a policy of encouraging Turkey as a model for Central Asia." Senator DeConcini stated: "Turkey has immense problems, including in human rights." (*N.Y. Times*, May 31, 1992)

Actually, pan-Turkism is a regional threat. Shireen T. Hunter, Deputy Director of Middle East Studies at the Center for Strategic and International Studies, states that a major regional "phenomenon is the reemergence of extreme and potentially irredentist and expansionist nationalisms, most notably pan-Turkism." Hunter adds: "If continued unchecked, or worse, if consciously or unconsciously encouraged by Western policies devised for the expediency of the moment, such ideas could become sure recipes for regional conflicts." (*15 Washington Quarterly*, at 58, 1992.)

Turkey's continuing human rights violations against its Kurdish and Greek minorities in Turkey and its aggression in and occupation of almost 40% of Cyprus does not qualify it to be promoted as a model for any new nation in Central Asia.

20. Cyprus, through the use of the British bases in the British Sovereign Base Areas in Cyprus, the granting of overflight rights, base access and transit assistance, was more important to the success of Desert Shield/Desert Storm than Turkey.

Cyprus provided substantial support for Desert Shield/Desert Storm. Cyprus gave immediate and strong support for the U.S. condemnation of Iraqi aggression and gave full and strong support for all of the United Nations resolutions on Iraq.

Cyprus authorized military overflight, transit assistance and base access. United States and allied planes used Cyprus airports for flights related to the war effort.

The British bases in the British Sovereign Base Areas provided operational, logistical, communications, and command support for British and allied forces from August 2, 1990 on a 24-hour-a-day basis, and were and are more useful than all of the bases in Turkey.

Cyprus played an important role at a meeting of the foreign ministers of non-aligned nations in Belgrade, Yugoslavia on February 12, 1991, in blocking a resolution that criticized the manner in which the United States was conducting the Desert Storm war.

The Cyprus merchant marine played a substantial role in the movement of cargo to the Persian Gulf for the coalition forces.

21. The Iraq/Kuwait precedent should be applied to Turkey/Cyprus. There is no **legal difference** between Iraq's aggression against Kuwait and Turkey's aggression against Cyprus and the **factual situation is remarkably similar**. The key factual difference is that Kuwait has oil and Cyprus does not.

As a matter of law, Iraq/Kuwait and Turkey/Cyprus are the same. Both Iraq and Turkey violated the United Nations Charter article 2(4) which prohibits the use of threat of force to settle differences. Turkey's aggression has been compounded over a nineteen-year period, a fact which should weigh heavily against Turkey.

Cyprus is the acid test of the New World Order. Will we apply the rule of law to friend and opponent alike or will we continue the double standard for and appeasement of Turkey?

Failure to apply the rule of law to Turkey as it was applied to Iraq would give credence to the charge that the Persian Gulf War was solely for access to Persian Gulf oil.

Enforcing the United Nations Charter provisions and General Assembly and Security Council resolutions on Cyprus against Turkey would demonstrate that the era of a double standard on the rule of law and aggression for an ally is over. It would add the important ingredient of credibility to our efforts in the Persian Gulf and elsewhere for a New World Order. The precedent value for the rule of law in international affairs, added to the Iraq/Kuwait precedent, would be highly significant.

22. The United States, through the actions of the then Secretary of State Henry Kissinger, bears a major responsibility for the tragic events of 1974. The *New York Times* in 1974 characterized Kissinger's policy as having "encouraged Turkey to intervene on the island" and "illegal appeasement of Turkish aggression." (*New York Times*, Sept. 14, at 28, col. 1.)

Thank you Mr. Chairman and Members of the Subcommittee.

AH-PAC

EXHIBIT 1

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September 15, 1992

The Honorable
Patrick Leahy
Chairman
Appropriations Subcommittee
on Foreign Operations
United States Senate
Washington, D.C. 20515

Re: Turkey and Ethnic Cleansing -
A Double Standard

Dear Chairman:

The United States and the world community have noted with alarm and have taken certain actions regarding the "ethnic cleansing" in the former Republic of Yugoslavia. Yet the United States and the world have little noted the history of "ethnic cleansing" by Turkey in Turkey and in Cyprus which continues to date.

Since money is fungible, all of our military and economic aid to Turkey is, and has been, used to support Turkey's program of ethnic cleansing against its large Kurdish minority, the remnants of its Greek minority and against the Greek Cypriots in Cyprus.

It is not in the interests of the United States to continue the double standard on Turkey's ethnic cleansing.

Turkey, Ethnic Cleansing and the Foreign Aid Bill

The foreign aid appropriations bill has passed the House and is presently before the Senate Appropriations Subcommittee on Foreign Operations. The House bill provides \$450 million in military aid and \$ 68.25 million in economic aid to Turkey, and \$315 million in military aid to Greece. The House changed all military aid to loans. Last year Turkey received \$500 million in military aid, all in grants while Greece received \$350 million in military aid, only \$40 million of which was in grants and \$310 million in loans.

We call for an immediate halt in all military and economic aid to Turkey and economic sanctions against Turkey, similar to those against Serbia and those formerly imposed on South Africa, until Turkey stops its ethnic cleansing and accords its minorities full human rights.

The Kurdish minority in Turkey, between 10 and 12 million people or roughly 20% of the population of Turkey, has been subjected to ethnic cleansing and human rights abuses by the Turkish Government for decades. The Turks prevented the Kurds from using their own language and customs. They even denied the existence of the Kurds and referred to them as "mountain Turks."

Turkey's policy of ethnic cleansing directed against its Kurdish and Greek citizens and the evidence of Turkey's actions of ethnic cleansing are clear, public, fully documented and incontrovertible. See the following citations, among others:

- Freedom House Annual Survey for 1991;
- Human Rights Watch Report, January, 1992;
- Humanitarian Law Project Report, "The Current Conflict Between Turkish Armed Forces and the Kurds of Southeast Anatolia," July 17, 1991;
- Helsinki Watch Report, "Denying Human Rights and Ethnic Identity-The Greeks in Turkey," March, 1992;
- Report of the Association of the Bar of the City of New York on "Torture in Turkey: The Legal System's Response," 45 Record 6-131, 1990;

- Amnesty International Report: Continuing Violations of Human Rights in Turkey 1986, AI Index No. EUR 44/33/87;
- Amnesty International Report: Turkey: Human Rights Denied, Nov. 1988, AI Index No. EUR 44/65/88;
- Amnesty International Report: Turkey: Brutal and Systematic Abuse of Human Rights (1989);
- Dr. Vera Saeedpour, "The Kurdish Way of Life in Turkey: A Tapestry of Tribulations," *Kurdish Times*, Spring 1986.

The *New York Times* in an editorial (April 1, 1992) stated that:

Turkish Kurds have been subject to systematic human rights violations including torture....The international community is...morally bound to demand that...Ankara cease [its] ugly repression of Kurdish civilians before it becomes genocide."

Regarding Cyprus, the *New York Times* in a recent editorial (see Exhibit 1) on Turkey's ethnic cleansing in Cyprus entitled "Ethnic Cleansing, Cypriot Style" wrote:

So Cyprus remains a cruelly divided economic slum. Such is the dirty legacy of "ethnic cleansing," which occurred in Cyprus long before Bosnia. (*New York Times*, Sept. 5, 1992; see also Christos Ioannides *In Turkey's Image—The Transformation of Occupied Cyprus into a Turkish Province* (1991).

These international condemnations of Turkey have not fundamentally had any impact on the Turkish Government and its military, political and diplomatic leaders. The Turks have been conducting a full scale war of ethnic cleansing against its Kurdish minority utilizing American supplied arms and equipment (and German) in violation of our laws, the United Nations Charter, the Universal Declaration of Human Rights and international law. As the *New York Times* reported:

For eight years, the Turkish authorities have been fighting a guerrilla war against the Kurdish Workers Party, and more than 3,300 people have died in a conflict that corrodes Turkey's Westward-looking aspirations and raises frequent questions about human rights violations, including routine and systematic torture." (*New York Times*, March 27, 1992, page A10, col.1; see also *New York Times*, March 30, 1992, page A1, col.4 and the *Washington Post*, June 26, 1992, page A27, col.3).

The Kurds have also charged the Turkish Government with 62 political killings since the beginning of 1991. See Exhibit 2 for excerpts from *New York Times* correspondent Alan Cowell's article, March 27, 1992.

Last fall and earlier this year the Turks used German-supplied arms in brutal attacks on its Kurdish minority. As a result, Germany halted all military aid to Turkey (*New York Times* March 27, 1992, page A10, col.4). After certain assurances from Turkey, Germany later lifted its arms ban.

The United States did not follow Germany's lead. Incredibly, the State Department's spokesperson actually commended the Turks. (Ibid. See also Margaret Tutwiler press briefings, March 25 and 26, 1992.)

Turkey continues to ignore and challenge the international community by its military actions against its Kurdish minority in Turkey and almost daily bombing attacks against Turkish Kurds in northern Iraq. See Exhibit 3 for excerpts from *New York Times* correspondent Chris Hedges' recent report from Iraq.

The *New York Times*, on September 7, 1992, reported that Turkey's Prime Minister Demirel and Turkey's leadership have decided to crush the Kurdish separatists with "raw military power." See Exhibit 4 for *New York Times* correspondent Alan Cowell's report from Turkey.

It is instructive to compare Turkey's suppression of its 20% Kurdish minority with Turkey's demands for special privileges for the 18% Turkish Cypriot minority in Cyprus. Is Turkey willing to give its 20% Kurdish minority the same special privileges it claims for the 18% Turkish Cypriot minority?

The Turks have a community of interest with Iraq against the Kurds, and Ankara's policy towards Iraq is at variance with U.S. policy. Turkey's Prime Minister Suleyman Demirel states that Turkey will "not permit allied warplanes to fly combat missions against Iraq from Turkish bases." See Exhibit 5 for the *New York Times*, August 30, 1992, report by correspondent Alan Cowell.

A recent Helsinki Watch Report documents Turkey's ethnic cleansing against its Greek minority:

The Greek community in Istanbul today is dwindling, elderly and frightened. Their fearfulness is related to an appalling history of pogroms and expulsions that they have suffered at the hands of the Turkish government. As a result of these acts, the Greek population in Turkey has declined from about 110,000 at the time of the signing of the Lausanne Treaty in 1923 to about 2,500 today."

"The problems experienced by the Greek minority today include harassment by police, restrictions on freedom of expression; discrimination in education involving teachers, books and curriculum; charitable institutions; and the denial of ethnic identity. These problems are also suffered by the few remaining Greeks living on the islands of Imbros and Tenedos." (*Denying Human Rights & Ethnic Identity: The Greeks of Turkey*, Helsinki Watch Report, March, 1992, page 1.)

Turkey's ethnic cleansing is nothing new. It has a long history. It goes back at least to the Armenian Genocide of 1915 and the earlier attacks on the Armenians in 1894-1895. The Armenian Genocide should never be forgotten nor should it be forgotten that Hitler used the Armenian Genocide as a precedent for his "final solution" against the Jews.

Turkey's ethnic cleansing against its Greek minority goes back to at least 1922 and the burning of Smyrna by the Turks and the slaughter of the city of Smyrna by Kemal Ataturk's troops. See *The Blight of Asia*, New York, 1924, by the American Consul George Horton; *The Great Betrayal*, New York, 1924, by Edward Hale Bierstadt; and *Smyrna 1922- The Destruction of a City*, 1966, (Kent State University Press) by Marjorie Housepian Dobkin.

In World War II, and the 1930's, Turkey regularly abused its minorities.

On September 5, 1955, the Turks organized a large scale pogrom against its Greek minority in Istanbul and Izmir, which devastated the Greek community. See Phillips, "What Is The Matter With Mary Jane? The Tragicomedy of Cyprus," *Harper's Magazine* 43 at 48 (June 1956). See also *New York Times*, Sept. 7, 1955, at A1, col.5; Id., Sept. 12, 1955, at A8, col.3. "The amount of damage has been assessed unofficially at \$300,000,000." Id. Sept. 13, 1955, at A10, col.6.

Since that date the Turks kept up steady pressure against its Greek minority, as part of its ethnic cleansing, which resulted in the exodus of the Greeks from Turkey. There are only a few thousand elderly Greeks left in Istanbul and Izmir. See the recent Helsinki Watch Report *Denying Human Rights and Ethnic Identity: The Greeks of Turkey*, March, 1992.

Unfortunately there has been little attention given to Turkey's ethnic cleansing by the world community. The United States has been particularly soft on Turkey. Turkey's continuing and substantial human rights violations make her ineligible for U.S. aid but the Executive Branch and Senate Appropriations Committee Chairman Robert Byrd, Turkey's leading supporter in the U.S. Senate, have ignored the law. (See sections 116 and 502B of the Foreign Assistance Act of 1961, as amended.)

The double standard for Turkey is evident when we compare our actions against Nicaragua. On September 1, 1992, the United States condemned the Nicaraguan Government's lack of action regarding the killing of over 100 former members of Nicaragua's anti-communist movement as "totally unacceptable." In a prepared statement Richard Boucher, State Department spokesman, stated:

"We...deplore the murder and harassment of former members of the Nicaraguan resistance, who demobilized under the peace accords, and returned to Nicaragua to rebuild their country in peace." (*Washington Times*, Sept. 2, 1992, at A1, col.5)

Earlier this year, the United States suspended \$116 million in aid to Nicaragua. (Ibid.)

While we have acted against Nicaragua we have appeased Turkey for years. In the face of military operations against the Kurds, political killings, torture of Kurdish civilians on a substantial scale and general human rights violations by Turkish authorities against the Kurds and Greeks, our government has taken no action against Turkey. In fact as noted above, the State Department spokesperson commended the Turks, asserting they were attacking Kurdish "terrorists."

Our appeasement of Turkey for decades has signaled others that the U.S. will not act in such situations. The double standard on Turkey's ethnic cleansing and human rights violations is harmful to American interests and should be eliminated at once.

The United States in its own self interest should act to halt all military and economic aid to Turkey and initiate economic sanctions against Turkey until Turkey stops its ethnic cleansing and accords its Kurdish, Greek and other minorities in Turkey full human rights including political rights and removes its illegal occupation troops and illegal settlers from Cyprus.

Congress will act on appropriations for foreign aid before it adjourns in early October, either through the foreign aid bill in the Senate Appropriations Committee or by a continuing resolution on appropriations. The Administration should reverse its position on aid to Turkey and call for a suspension of aid until Turkey halts its ethnic cleansing activities in Turkey and in Cyprus.

Since the Administration will not act, Congress should. The action at present is in the Senate Appropriations Subcommittee on Foreign Operations. We hope that Chairman Patrick Leahy (D-VT), Senator Robert Kasten (R-WI), the ranking Republican, and other members of the Subcommittee and full Committee, will initiate this issue with the Administration and failing action or concurrence by the Administration, will take action on their own in the best interests of the United States.

When is the United States going to stop appeasing Turkey? There is no better time than now! See enclosed is a memorandum of June 15, 1992, previously sent to you, listing 21 reasons why it is not in the interests of the United States to give aid to Turkey. Several of the reasons justify immediate economic sanctions against Turkey.

If you have any questions or need additional information please let us know.

Sincerely,

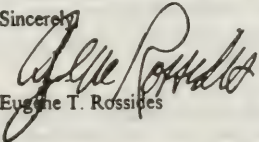

Eugene T. Rossides

EXHIBIT 1

NEW YORK TIMES EDITORIAL, SEPTEMBER 5, 1992

'Ethnic Cleansing,' Cypriot Style

Alas, a month of direct talks at the United Nations between Greek and Turkish Cypriot leaders has gotten nowhere. An achievable "set of ideas" for uniting this dismembered island had been put forward by Secretary General Boutros Boutros-Ghali. But Rauf Denktash, speaking for Cyprus's Turkish enclave, shredded all proposals for power-sharing and justice for refugees.

So Cyprus remains a cruelly divided economic atom. Such is the dirty legacy of "ethnic cleansing," which occurred in Cyprus long before Bosnia.

After independence in 1960, Cyprus's Greek and Turkish communities proved unable to live under a common roof. Reciprocal folly led in 1974 to Turkey's armed intervention and a brutal population exchange that displaced 160,000 Greek Cypriots and 45,000 Turkish Cypriots. Since then, an unrecognized Turkish Cypriot minislate has been kept alive by Turkish subsidies and soldiers, while United Nations blue helmets patrol a buffer zone.

Eager to end a costly peacekeeping operation, Mr. Boutros-Ghali came up with a suggested map

giving the Turkish side 28.2 percent of the island; it currently occupies 38 percent. The plan was accepted by George Vassiliou, leader of the Greek Cypriots, who speaks for about 80 percent of the island's inhabitants. But it was rejected by Mr. Denktash, who speaks for only 19 percent.

In Cyprus, forcible partition has entrenched communal grievances. And as elsewhere, each side anxiously leans on a foreign big brother. Greece, preoccupied with Balkan turbulence, now presses for compromise on Cyprus. Turkey hinted to President Bush that it was prepared to do the same. Mr. Denktash, it appears, didn't get the message from Ankara.

The Cyprus talks will resume in October. A solution would enable Greek and Turkish Cypriots to enjoy political equality in a bizonal federation, thereby making the island a model rather than a warning. But that can only happen if Mr. Boutros-Ghali and the Security Council finally turn widespread disgust with this interminable dispute to their diplomatic advantage.

EXHIBIT 2

EXCERPTS FROM NEW YORK TIMES CORRESPONDENT ALAN COWELL'S ARTICLE (MARCH 27, 1992, PAGE A10, COL. 1).

The killings, said Sabahattin Acar, a lawyer and secretary of Diyarbakir's human rights league, fit a pattern of political attacks that have taken 62 lives since the beginning of last year. They have raised new and troubling questions about Turkey's handling of a crisis that pits a Marxist Kurdish separatist group against the authorities in an increasingly violent guerrilla war.

What troubles Kurdish leaders here more directly, however, are deaths like those of Mr. Gungen, attributed to government sponsorship of an ostensibly Islamic fundamentalist group called Hezbollah, or the Party of God.

"I believe that some security forces and the Government are supporting the Hezbollah against the people," said Dagistan Toprak, the Kurdish Deputy Mayor, who belongs to the Social Democratic Party, the junior coalition partner in Mr. Demirel's Government.

"Since the beginning of 1991, there have been a lot of mysterious killings," says Fevzi Veznerdaroglu, a human rights lawyer, who said he suspected a counterinsurgency unit within the Turkish military.

Although the authorities routinely deny involvement, Mr. Acar, the human rights official, said that none of the 62 apparently political killings had been investigated and that there had been no murder trials.

"The Government is not trying to find the killers," he said. "It is not even taking evidence." By contrast, he said, state security courts tried 1,200 people last year on charges of supporting the Kurdish guerrillas.

The suspicions of Mr. Acar and others have been fueled by incidents in which people later found dead were last seen in the hands of the police or in police cars. The police deny involvement, but the killings have spread a profound apprehension.

"I'm scared," said Mr. Acar. "I cannot go out at night. I can't open my door at night and I never go anywhere alone."

In the clash of perceptions and propaganda between the two sides, Kurdish supporters of the guerrillas call them liberators, while the authorities label them bandits and terrorists. The authorities say there are 3,000 guerrillas inside Turkey and 7,000 more waiting either across the border with Iraq or at the organization's headquarters in the Syrian-controlled Bekaa region of Lebanon.

"The population of the southeast is deeply alienated, caught between the P.K.K. and the security forces and tilting towards the P.K.K.," a senior Western diplomat in Ankara said, referring to the Kurdish guerrilla group by its initials.

Still, there seem to be strong indications of rising Kurdish nationalist sentiment, once so repressed that even the word "Kurd" was taboo and the authorities referred to them as "mountain Turks."

"Today we are valley Kurds," said Mr. Toprak, the Deputy Mayor. "The Kurds have crossed the threshold of fear and are no longer afraid."

A group of parliamentary deputies touring southeastern Turkey in March entered one village where women produced P.K.K. banners and portraits of the party leader, Abdullah Ocalan, all illegal emblems in Turkey.

And a celebration of International Women's Day at the offices here of the People's Labor Party, a group that has sent 20 elected deputies to the Ankara Parliament and is regarded by some as the guerrillas' lawful front inside Turkey, turned quickly into a demonstration on behalf of the Kurdish party.

"The P.K.K. is our party, Apo is our leader," one song went, referring to Mr. Ocalan by his nickname. People punched clenched-fist salutes into the air. "Kurdish women are struggling alongside the men," proclaimed Husniye Olmez, a party official. "We must join hands and resist together. If we do this, no power can stop us."

Paradoxically, the fiery pro-Kurdish speeches were mostly in Turkish because, Kurdish leaders said, the years of linguistic suppression have left few city-dwelling Kurds fluent in their own language.

Nonetheless, such political boldness would have been unthinkable only a few years ago. Some Turks fear that Government concessions to Kurds, like permitting the publication of Kurdish newspapers and allowing Kurdish legislators to enter the 450-seat Parliament, have merely encouraged Kurdish support of the guerrillas.

"The way it was in Lithuania or Yugoslavia, it must be the same here," said Hatip Dicle, a Kurdish legislator, who created an uproar in Parliament last November when he protested the parliamentary oath as "a denial of the Kurdish people."

"The Kurdish people will decide their own future."

EXHIBIT 3

EXCERPTS FROM NEW YORK TIMES CORRESPONDENT CHRIS HEDGES' REPORT FROM IRAQ (AUGUST 29, 1992, PAGE 3, COL.1).

Beyond the scrutiny of the outside world, a nasty air war is under way in the hinterlands of northern Iraq.

This time, the attacks are directed not from Baghdad or Washington but from Ankara, by Turkish Government officials bent on destroying rebel camps of the Kurdish Workers Party, a Turkish [sic] guerrilla group.

The rebels, who conduct raids into Turkey from camps in northern Iraq, have been fighting for an independent Kurdish state in southeastern Turkey since 1984. The Kurdish region traditionally incorporates parts of Iraq, Turkey and Iran...

Turkish officials contend that their air attacks are based on precise intelligence data, often provided by small reconnaissance units sent into Iraq. But Kurdish farmers and shepherds--many of whom have lost relatives, animals and property to Turkish bombs--do not agree.

"The planes don't distinguish between us and them," a peasant, Khader Darwish, said. "They just drop the bombs. Besides, the camps have a lot of anti-aircraft weapons, so some planes like to unload their bombs in safer areas."

In the last year about 50 people in the area have been killed and 30 wounded, prompting local people to abandon 50 towns and villages along the border, the Kurds say.

The Kurdish farmers say Turkey sends planes several times a week, bombing anything that moves. Few villagers walk the roads by day

EXHIBIT 4

EXCERPTS FROM A REPORT FROM TURKEY IN THE *NEW YORK TIMES* BY CORRESPONDENT ALAN COWELL. (SEPTEMBER 7, 1992, PAGE 3, COL.1)

As its conflict with Kurdish separatists enters its ninth year, with ever greater casualties and on ever broader fronts, the Turkish Government has opted squarely for hat it sees as its only means of crushing the revolt: raw military power.

And while the Government has so far clearly frustrated the insurgents' efforts to inspire a full-scale Kurdish revolt, the conflict threatens to turn into a campaign of attrition that will leave Turkey's large Kurdish minority hostile for years to come. Of the country's 60 million people, 10 million are Kurds, including 6 million in the southeast.

"The real question," a senior Western diplomat in Ankara said, "is, what's the Government going to do about the southeast--a humane, enlightened approach to the people in the area based on human rights, or what? We haven't seen that today."

No More Concessions

Less than a year after Prime Minister Suleyman Demirel seemed to signal conciliation by acknowledging what he called a "Kurdish reality" in the lands bordering Iraq, Iran and Syria, he and other Turkish leaders have made it abundantly clear that there will be no more political concessions toward the nationalist sentiment inspiring the revolt.

In a break with past practice, the Government these days permits Kurds to use their own language in newspapers and songs. But officials, including Mr. Demirel, said this acknowledgment of the language would not be extended to education or to broadcasting.

"Just our security forces will handle it," he said in an interview in Ankara, the capital. "No country can make peace with the terrorists."

The Defense Minister, Nezat Ayaz, said, "The Government has nothing to do with the operational developments, because it is the security forces that have to fight against terrorism. It is out of the question to have an autonomous state in Turkey."

A Growing Conflict

The fight is clearly growing. Of the 4,500 people estimated to have been killed since the war started in August 1984, about 1,300 have died this year alone. The extent of the insurgency was illustrated this weekend when, according to the semi-official Anatolia news agency, 43 people were killed in incidents in three parts of the southeast.

The problem confronting Ankara is made more complicated by the fact that among Kurds and some foreigners, the Government seems to be losing the propaganda war that in most insurgencies forms the basis of perceptions that often dictate victory or defeat as much as battlefield successes. (*New York Times*, Sept. 7, 1992, page 3, col.1)

EXHIBIT 5

**EXCERPTS FROM THE NEW YORK TIMES REPORT BY CORRESPONDENT ALAN COWELL.
(AUGUST 30, 1992, PAGE 10, COL. 1)**

But as tension with Baghdad mounted again this summer, Prime Minister Suleyman Demirel has made clear that his country would not assume the same high profile and would not permit allied warplanes to fly combat missions against Iraq from Turkish bases.

Turkey acknowledges that the allied flights may be preventing Iraqi attacks that would cause a future, unwelcome flood of Kurdish refugees in to Turkey. But as the deterrence continues, the Kurds of northern Iraq seem to be taking advantage of the protection to advance toward a Kurdish mini-state, possible setting an example for Turkey's own Kurdish minority, six million of whom live in southeastern Turkey.

War Grows More Vicious

"The Turks fear that if there's such an entity in northern Iraq, there would be a similar pressure for a Kurdistan in Turkey," a Western diplomat said. Ankara is fighting an increasingly vicious war against separatist Kurdish insurgents in the southeast precisely to prevent that.

On some issues Ankara's interests are more closely aligned with those of Baghdad than those of the West: both want the economic benefit of reopening the oil pipeline; neither wants the region's Kurds to pursue their separatist visions. Ankara pointedly refused to recognize the administration set up by Kurds in northern Iraq earlier this year.

"If Turkey does not want an independent Kurdish state: in northern Iraq, a high official said, "there is no independent Kurdish state." (*New York Times*, August 30, 1992, page 10, col.1)

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September 21, 1992

The Honorable
David R. Obey, Chairman
Appropriations Subcommittee on
Foreign Operations
U.S. House of Representatives
Washington, DC 20515

Re: "Eye on Ankara: Waiting for an End
to Turkish Torture," by Jeri Laber
and Lois Whitman (Wash. Post,
Sept. 20, 1992, page C3, col.1)

Dear Mr. Chairman:

I am sending as an addendum to my letter of September 15, 1992, regarding Turkey, ethnic cleansing, and the foreign aid bill, the above-mentioned article in which the authors, Jeri Laber and Lois Whitman state that "torture, murder and other human rights abuses in Turkey have become significantly worse" under Prime Minister Suleyman Demirel's new government.

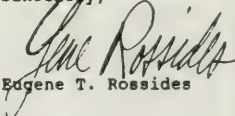
Jeri Laber is the Executive Director of Helsinki Watch and Lois Whitman is Deputy Director. Helsinki Watch is a division of Human Rights Watch.

Turkey is in clear and incontrovertible violation of sections 116 and 502B of the Foreign Assistance Act of 1961, as amended. Turkey is, and has been, engaging:

"in a consistent pattern of gross violations of internationally recognized human rights, including torture or cruel, inhuman, or degrading treatment or punishment, prolonged detention without charges, causing the disappearance of persons by the abduction and clandestine detention of those persons, or other flagrant denial of the right to life, liberty, and the security of persons." (See Section 116 of the Foreign Assistance Act of 1961.)

As the Administration has not acted to date, we strongly urge the Congress to act by halting all military and economic aid to Turkey in accordance with the law.

Sincerely,


Eugene T. Rossides

Eye on Ankara: Waiting for an End to Turkish Torture

By Jim Lahar and Leon Whitman

ALMOST 10 months have passed since Turkey's Prime Minister Demirel's human rights reforms, committed to Congress, took effect in Turkey. Yet the country's human rights situation has not improved significantly.

A common view is that Turkey has been relatively better than the other countries in the world. Turkey's human rights situation is not as good as that of the United States, but it is better than that of many other countries.

The United States has been relatively better than the other countries in the world. Turkey's human rights situation is not as good as that of the United States, but it is better than that of many other countries.

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Questioned about a non-political crime, Yilmaz was bewildered, overwhelmed by his own shock while suspended in the air, and then a calm came and he said that he was a civilian. He said that he was a civilian. He said that he was a civilian.

After two days, he was released without being charged.

These accounts and others like them convinced us that Turkey's commitment to human rights was not as good as it seemed.

As we continued, we learned, to our surprise, that the Turkish government was not as committed to human rights as it seemed.

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human rights abuses, officials are quick to blame the military. The military is the main force in Turkey, and it is the main force in Turkey.

Although some were last seen in the hands of police, the police usually deny having detained the victim or say they had been briefly and then released him. The Turkish government appears to have made no attempt to investigate the deaths of its arrested and released political prisoners.

Deaths of prisoners—particularly the left-wing opposition—continue to be reported. The Turkish government has been accused of human rights abuses, and it has been accused of human rights abuses.

In a horrifying new development, human rights activists have been arrested and charged with the crime of monitoring the military. The Turkish government has been accused of human rights abuses, and it has been accused of human rights abuses.

Police routinely say the deaths occurred in the course of a crackdown on the PKK. The Turkish government has been accused of human rights abuses, and it has been accused of human rights abuses.

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Higher Education Council, the body that controls university admissions throughout the country. These provisions have not been kept.

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(New York) December 29, 1992 — Killings and torture of civilians by security forces in Turkey have increased since the government of Prime Minister Suleyman Demirel took office a year ago, according to a new report released by Helsinki Watch, a division of Human Rights Watch, a human rights monitoring and advocacy organization. Because of this consistent pattern of gross human rights abuses, Helsinki Watch recommends that the United States end all military and security assistance to Turkey until such time as Turkey no longer manifests such a pattern, or state clearly, as required by Section 502B of the Foreign Assistance Act, what extraordinary circumstances warrant the provision of such aid.

The Helsinki Watch report calls on the Turkish government to end the use of lethal force against peaceful demonstrators; to observe international law and standards in conducting raids on houses containing suspected "terrorists;" to punish security force members who kill civilians without justification; and to end torture in interrogation centers and prosecute torturers.

The Helsinki Watch report also condemns the use of violence against civilians by the PKK (the Kurdish Workers' Party) and urges the PKK to end all such abuses and observe promptly and scrupulously international humanitarian law--the laws of war.

Helsinki Watch is a division of Human Rights Watch. Robert L. Bernstein, Chair; Adrian W. DeWind, Vice Chair; Aryeh Neier, Executive Director.
Research Staff, Deputy Director: Holly J. Burkhalter, Washington Director. Helsinki Watch is affiliated with the International Helsinki Federation for Human Rights.

The 78-page report, entitled *Broken Promises: Torture and Killings Continue in Turkey*, condemns the government of Turkey for failing to keep the many promises it made when it took power on November 25, 1991. Among these were promises to: end torture; amend the Constitution and revise Turkish laws to conform with international human rights laws and standards; acknowledge the "Kurdish reality" in southeast Turkey; end prohibitions against political parties; and establish a free and independent press.

The report includes material gathered by Helsinki Watch in August 1992 in interviews in four cities in western Turkey with 24 people who told stories of recent, brutal torture at the hands of police. Torture techniques included the use of electric shock against a detainee who is blindfolded and suspended, naked, by the arms or wrists; severe beatings; rape and sexual abuse (including the rape with a truncheon of a woman who was two months pregnant); having one's face pushed into a septic tank; and being placed in a cell with an attack dog and bitten repeatedly.

Torture during interrogation can lead to death, according to the report. Sixteen people have died in the custody of police or gendarmes during 1992; six of the sixteen were said by police to have committed suicide--three of them were children between the ages of 13 and 16. In only three of the sixteen cases have investigations been undertaken by public prosecutors, the report charges.

In the first eleven months of 1992, the report states, Turkish security forces have shot and killed seventy-four people in house raids, and the evidence suggests that the killings were deliberate executions. Security forces have also shot and killed more than 100 peaceful demonstrators during 1992. Moreover, the report charges that 165 community leaders in southeast Turkey have been assassinated by unknown assailants in 1992 and that Turkish authorities have failed utterly to investigate these killings and prosecute those responsible.

Among the 165 people assassinated in southeast Turkey were eleven journalists, according to Helsinki Watch. All but one of these journalists wrote for left-wing or pro-Kurdish journals; several had written about purported connections between a "counter-guerrilla force" allegedly responsible for assassinations in the southeast and Turkish security forces. The report charges that these journalists were apparently targeted as part of an on-going campaign to silence the dissident press. To date, the government has made no serious effort to find the murderers of these reporters, according to the report.

The report points out that Turkey is the third-largest recipient of American aid. For fiscal year 1993, Turkey will receive military assistance of \$450 million in loans, as well as \$125 million in grants of economic support funds. In addition, \$180 million worth of excess military equipment (helicopters, aircraft, vehicles and the like) was transferred to Turkey in 1991 and 1992.

Among the specific recommendations that Helsinki Watch makes to the government of Turkey are:

- Abide by international standards requiring law enforcement officials to use lethal force only when absolutely necessary and in proportion to the immediate danger faced when conducting raids on houses suspected to contain "terrorists;"
- Deploy nonlethal methods of crowd control and, in particular, end the use of live ammunition except when necessary to prevent a threat to life;
- Punish appropriately security force members who kill civilians without justification during demonstrations or house raids;
- Investigate thoroughly and promptly all suspicious deaths and disappearances and prosecute those responsible;
- Take aggressive steps to end torture in police interrogation centers;
- Prosecute torturers and increase the possible sentences for torture;

- Shorten permissible periods of detention so that detainees appear promptly before a judge, as required by international law;
- Permit detainees immediate and regular access to attorneys;
- Abide by international humanitarian law in the conduct of military actions in southeast Turkey; in particular, protect the lives and property of civilians;
- End restrictions that deprive Kurds of their ethnic identity, including restrictions on the use of Kurdish language, music and dance; and
- End all restrictions on free expression, including freedom of the press, association, assembly and religion.

. . .

Broken Promises: Torture and Killings Continue in Turkey was written by Lois Whitman, Deputy Director of Helsinki Watch. Copies of this report can be obtained from the Publications Department, Human Rights Watch, 485 Fifth Avenue, New York, NY 10017-6104 for \$10.00.

Helsinki Watch was established in 1978 to monitor domestic and international compliance with the human rights provisions of the 1975 Helsinki Accords. The chair of Helsinki Watch is Jonathan Fanton and the vice chair is Alice Henkin. Jeri Laber is executive director; Lois Whitman is deputy director; Holly Cartner is staff counsel; Erika Dailey, Rachel Denber and Ivana Nizich are research associates; and Pamela Cox, Christina Derry and Aleksandr Petrov are associates.

Helsinki Watch is a division of Human Rights Watch, which includes Africa Watch, Americas Watch, Asia Watch, the Fund for Free Expression and Middle East Watch. The chair of Human Rights Watch is Robert L. Bernstein and the vice chair is Adrian W. DeWind. Aryeh Neier is executive director; Kenneth Roth is deputy director; Holly J. Burkhalter is Washington Director; Susan Osnos is Press Director.

Helsinki Watch is affiliated with the International Helsinki Federation in Vienna, Austria.

Jack Healey And Maryam Elahi

The Cries That Haunt Turkey

One year ago, Suleyman Demirel promised during his election campaign for prime minister that "the walls of all police stations in Turkey will be made of glass." Demirel acknowledged that torture existed in Turkey, but vowed to end it.

Today, Prime Minister Demirel's promise is shattered like a thousand shards of glass. Torture remains widespread and systematic in Turkey, especially during the first few days of detention in police stations. With interrogations carried out in complete secrecy by police who are rarely if ever prosecuted, it is no surprise that deaths in custody continued in 1992.

One such case is that of a 16-year-old Kurdish girl, Biseng Anuk. She was among 100 people, mostly students, detained by Turkish police in Simak Province in southeastern Turkey in March 1992. She died in police custody. When her mother went to collect the body, she found that half her daughter's head had been shot away; her hands were torn between the fingers, some fingers were broken, and her flesh was covered with cigarette burns, cuts and bruises.

According to the official version of events, Biseng had not been tortured and had killed herself with a rifle she found in her cell. Despite public outcry, no independent inquiry was even initiated on this case. The autopsy report was never released, and the family's request for a second autopsy was refused.

In another case, in April 1992, during a military operation in the Mardin Province, a group of soldiers, beat and dragged a 16-year-old boy out of his home between 4 and 5 a.m. The soldiers built a fire, and when it had burnt down, they laid the boy on the embers and forcibly held him down. The soldiers repeated this procedure five or six

times, before they finally left him for dead. The boy managed to crawl to a road and was found by shepherds. Miraculously, he survived.

On April 27, 1992, Nazli Top, a 23-year-old nurse, was detained in Istanbul as she was leaving the hospital where she worked. The police suspected her of having been involved in a terrorist attack. She was taken to a police station where she was tortured, even though she told them she was pregnant. According to Nazli Top, "They punched me all over with fists, but especially in my stomach, breasts and belly. They raped me with a truncheon, and they tried to rape me with a bottle. In particular, they groped my stomach and said, 'Are you pregnant?' and then punched me there."

Who is held accountable for these brutalities? Are there public condemnations, prosecutions of torturers and compensations to torture victims? Unfortunately, Prime Minister Demirel has forgotten his campaign promise. His government has not taken the minimal steps required under international law to safeguard all detainees and punish the violating officers. These are haunting images of Turkey a decade ago, when Demirel was also in power and gross violations of human rights were taking place.

The Turkish government justifies many of its human rights violations as necessary evils to combat attacks by the Kurdish Workers Party (PKK) in southeast Turkey. Amnesty International does not deny the government of Turkey its right to respond to violent assaults by the PKK or other violent organizations. But who protects citizens from the violence of the government?

Instead of working to comply with international law to honor basic human rights, Turkey has focused on improving its image abroad. For example, Turkey

spends more than \$2 million a year on lobbyists in Washington, instead of conducting extensive trainings in human rights law for law enforcement officers and the judiciary. The government has taken additional cosmetic steps such as publishing a slick brochure entitled "Human Rights in Turkey: A Record of Improvement," establishing a commission and ministry of human rights.

None of these steps has resulted in a reducing abuses and promoting human rights. In fact, the latest PR scandal is a judicial package that was passed by the parliament in November '92 and is being presented to the international community as a "reform," even though it provides no protection for political detainees who face the greatest risk of torture.

One year after Demirel's inauguration, the cries of torture still echo from behind closed doors at Turkish police stations. Those cries will stop haunting Turkey and the rest of the world only if Prime Minister Demirel finally honors his pledge to break down those doors and build walls of glass instead.

After a decade of dialogue, the United States needs to reexamine its policy toward Turkey and to genuinely prove to the people of Turkey that adherence to basic principles of human rights continues to be a fundamental pillar of U.S. foreign policy. Bill Clinton, the campaigner, declared that a principled, coherent and consistent foreign policy would guide a Clinton administration. "Such a foreign policy would not only reflect our national ideals but serve our national interest," he declared.

Let us hope for the sake of the people of Turkey that President Clinton's promises are less breakable than Demirel's.

Jack Healey is executive director, and Maryam Elahi is program officer, Middle East and Europe, of Amnesty International USA.

STATEMENT OF JOSEPH YOUSSEUF, TURKISH CYPRIOT CULTURAL AND EDUCATIONAL ASSOCIATION

Senator FEINSTEIN. Mr. Yousseuf.

Mr. YOUSSEUF. Thank you, Senator. I appreciate the opportunity to appear today, and present testimony to your subcommittee.

As is evident from the members who have preceded me to this panel, one of the key issues each year when the United States Government evaluates its foreign assistance appropriation recommendations for Turkey, Greece, and Cyprus, is in fact the Cyprus issue. That is what I am most familiar with, and that is what I am here to talk about today.

Perhaps it is best to illustrate the point that I intend to make by quoting a recent editorial which appeared in an influential Greek Cypriot newspaper. This is a direct quote from the paper's editorial.

Turks are a barbarous people. They are the last barbarians of civilization; a people with violent instincts and a thirst for blood. We would rather live with savage animals than the Turks. Until the Turks digest that Cyprus is Greek, they can live in this country only as a minority. And our slogan cannot be anything else but: The best Turk is a dead Turk. The union of Cyprus with Greece is the only democratic solution for the Cyprus problem. No, to the talks. No, to federation. Enosis, and let channels fill with the flow of blood.

Now, these rather bellicose words do not support the proposition that a Federated State or a bicommunal, bizonal Republic is likely to emerge in Cyprus as a viable solution to the current Cyprus problem.

On October 3, 1992, the Commander of the Greek Cypriot National Guard, General Syridakis, made the following pronouncement.

If the Cretan Greeks were living in Cyprus today, not a Turkish Cypriot would have been in the north. I see the fate of Greece and Cyprus as being intertwined. It would be unrealistic to think that Cyprus can today fight for a prolonged period of time without Greece, or that Greece is not interested in the fate of Cyprus. Because what is Cyprus? Is it not Greece? If some people do not believe this, I am not one of them. On the contrary, I say to the Greeks who come here: The place that you have come to is not a foreign place; it is Greece.

Senator, if these are the words of a people dedicated to democracy and the rule of international law, they amaze me. The fact is that what is constantly overlooked in this debate is the essential truth of Cyprus. And that is that Cyprus consists of two peoples: The Greek Cypriots and the Turkish Cypriots. They formed a State under United Nations auspices in 1960, founded upon the concept of bicommunal representation and rule. They are peoples who are divided by historical realities of the first magnitude; they speak different languages; practice different religions; and have ethnic connections with different motherlands.

The basic fact is that there is no benefit to the international community from a compelling of Greek Cypriots and Turkish Cypriots to live together, if they do not wish to do so. If that solution is forced upon Cyprus, the likelihood of intercommunal violence as existed in 1963, and as erupted in 1974 as a predecessor to Turkish armed intervention, is a certainty. What benefit will the international community derive from another ethnic conflict, such as that which is currently raging in the former Yugoslavia?

President Clerides, who was elected this past February, promised during his campaign to: " * * * cleanse the north of Turkish Forces and Turkish settlers, during his recent Presidential campaign." He is proud of his ancient connection with the infamous EOKA terrorist organization. Can this old politician change his ways to become a proponent of peace, equality and justice? Unfortunately, I do not believe that. I think that the best indicator of future performance is past performance. If that fundamental truth is real, then we have to take heed of what has been said and done in the past.

Using Turkish intervention in Cyprus, and its continuing presence on that island, and the existence of the Turkish Republic of Northern Cyprus as a bludgeon to beat the U.S. Congress into reducing military assistance or eliminating foreign assistance completely to Turkey, as advocated by the gentleman to my right, is historically unjustified, and would be a profoundly stupid and unjust thing for this Nation to do.

The basic fact, Madam Chairman, is that the Turkish people of Cyprus are entitled to self-determination, pursuant to international law. They have exercised that right; and President Denktash, elected by an overwhelming majority of the electorate, is the legitimate spokesman of a Nation struggling to be, as so many other nations are, in this emerging world.

I sincerely respect, and respectfully submit to you, that you should abandon the 10-to-7 ratio, because Greece does not need that ratio to protect itself against a nonexistent threat from Turkey; and to dispassionately evaluate this important issue. Thank you for this opportunity.

Senator FEINSTEIN. Thank you very much. And thank you, panel. I am pleased there is not much controversy in this. [Laughter.]

STATEMENT OF FATHER JULIO GIULIETTI AND FATHER BYRON COLLINS, GEORGETOWN UNIVERSITY

Senator FEINSTEIN. The next panel will consist of Father Julio Giulietti of Georgetown University; Mr. Steven Moseley of the U.S. Coalition for the Education of All; Mr. Bill Reese, Partners for the Americas; David French, Helen Keller International; and Mayra Buvinic of the Coalition for Women in Development. Welcome, and Father Giulietti, we will begin with you.

Father GIULIETTI. Thank you.

I see it is still good morning.

Senator FEINSTEIN. Good morning.

Father GIULIETTI. Good morning, Senator Feinstein. It is the first time I am testifying before you and it is an honor to be in your presence.

Senator FEINSTEIN. Thank you. That is nice.

Father GIULIETTI. The Cooperative Association for States in Scholarship, better known as the CASS Program, is administered by Georgetown University. It is a very cost-effective program that dates from 1988. We have developed an excellent network of educational institutions involving 24 community colleges in 19 States. Two of these institutions are in your home State.

In its present form, it is the most cost-effective program possible to further the goals of democracy and economic development in the region of Central America and the Caribbean and in East Central Europe. Just as background on some numbers, we have 520 men and women between the ages of 18 and 23 from Central America and the Caribbean studying technical subjects that are applicable for job improvement and job development in their countries. It is 15 countries from Central America and the Caribbean. We have 123 adult men and women from East Central Europe who are pursuing work in small business development and the development of a market-based economy.

PREPARED STATEMENT

Part of our program also is a special program focused for excombattants and for those who have suffered terribly as a result of the Nicaraguan war. The program is called Nicaraguan Peace Scholarship Program, and there are 75 men and women, many are teachers and excombattants involved in that program.

We request, Senator, that the committee look positively upon us.
We request committee support in our program.

Thank you very much.

Senator FEINSTEIN. Thank you very much.

[The statement follows:]

JOINT STATEMENTS OF REV. WILLIAM L. GEORGE, S.J., REV. LEO J. O'DONOVAN, S.J., AND REV. JULIO GIULIETTI

Mr. Chairman and Members of the Subcommittee:

We are Reverend William L. George, S.J., Special Assistant to the President of Georgetown University, the Reverend Leo J. O'Donovan, S.J., and Reverend Julio Giuliani, Director of the Center for Immigration Policy and Refugee Assistance / Academy for Intercultural Training. We appreciate the opportunity to testify before this Subcommittee on the following topics: (1) The Cooperative Association of States for Scholarships, (2) The East Central European Scholarship Program, (3) The Nicaragua Peace Scholarship Program, (4) The Institute for Reproductive Health (IRH), (5) Satellite Application Programs for IRH, and (6) The Enterprise for the Americas Multilateral Investment Fund.

Thank you and your Subcommittee for your generous support for the cost-sharing program, the Cooperative Association of States for Scholarships (CASS). We would also like to thank you for your encouragement to the East Central European Scholarship Program (ECESP) which provides scholarships for Poland, Hungary, and Czechoslovakia. We are pleased to report that because of your initiative the Cooperative Agreement between the Agency for International Development (AID) and Georgetown University has responded to the educational needs of Nicaragua through the establishment of a scholarship project in that country, the Nicaragua Peace Scholarship Program (NPSP).

(1) Cooperative Association of States for Scholarships (CASS)

Under a Cooperative Agreement with AID, Georgetown University administers CASS. The University's mission in fulfilling the will of Congress is to provide peace scholarships for capable, economically disadvantaged students from Central America and the Caribbean who attend United States community-based institutions for academic education and technical training.

CASS has been designed to contribute to the formation of more effective workforce resources and to foster the leadership and technical skills required to meet social, economic, and democratic needs in Central America and the Caribbean. CASS works closely with in-country experts and support network members to determine which fields of study can best contribute to the economies of participating countries.

United States community-based educational institutions then develop or adapt programs to provide students with the technical skills and experience that are in demand in the region. Needs analysis and follow-up studies of alumni are conducted periodically to modify course offerings based on current and projected economic realities in the region.

"Experience America" is an essential phase of the program. Its three major components -- academic training, experiential opportunities, and personal and professional development -- reinforce self-reliance, self-responsibility, and commitment. Living with American families and studying in community-based institutions, peace scholars develop an understanding of U.S. culture and values, and our democratic processes. These students in turn have a positive impact on their host communities, heightening cultural awareness, geographical knowledge, and political and personal insights about the Americas. The result is the formation of lasting social, economic, and cultural links between the United States and future leaders of Central America and the Caribbean.

Of a pool of 520 participants beginning two-year programs in 1990, 89% successfully completed their programs of study during 1992. This exceptionally high success rate is a tribute both to the high quality of recruitment and selection on the part of the Georgetown staff and to the outstanding efforts of the community-based institutions providing training, enabling graduates to return home and apply their technical/vocational skills to benefit their families, communities, and countries.

Today, 487 CASS students are studying at 24 community-based institutions in 16 states (see attachment A). In addition, 36 CASS students are earning bachelor degrees under cost-sharing programs at Jesuit colleges and universities and at participating public institutions in Florida. In August of this year 349 new CASS scholars will commence their studies at U.S. community-based institutions.

Federal funds for CASS are being supplemented by state and private sector contributions, increasing the total number of students served. After an intensive effort in the first two years of CASS to identify a model for cost-sharing funds to maximize the federal dollars allocated for the program, we learned that no one policy or plan for state or regional support of the program will evolve. Each participating CASS state has its own funding formula for higher education which simply means no one legislative approach can be applied to all states.

What we have found is that our participating colleges have become very effective partners in providing significant cost-sharing resources for the program. We require all participating colleges to contribute 25% of the total costs of the program. Cost-sharing is a combination of tuition waivers, private dollars raised through community outreach services, and the contribution made by the host family network. The intimate knowledge of local funding formulas, state regulations, and regional community interest has made this effort a reality. The total dollar amount of this effort for the current cycles of students exceeds 3 million dollars. Approximately \$500,000 of additional funds of in-kind contributions was raised through private sector efforts in the countries in which CASS operates.

(2) The East Central European Scholarship Program (ECESP)

The East Central European Scholarship Program (ECESP) is the first educational/training program to be implemented under a 1989 initiative of the United States Congress to support democratization and privatization in East Central Europe. The goal of the program is to educate a core of rural managers, entrepreneurs, public administrators, and marketing, trade, and finance experts dedicated to reconstructing and revitalizing rural regions and economies. Vital rural economies with well developed agro-industries and public service sectors can then provide desperately needed jobs for the growing numbers of unemployed from the heavy industry and mining sectors of East Central Europe.

At present, there are 10 ECESP-sponsored senior managers and administrators plus 107 rural managers and entrepreneurs from Czechoslovakia, Hungary, and Poland studying in the United States. In addition, ECESP is funding 25 teachers for one year of specialized education in teaching and preparing textbooks for courses either in agribusiness (management and marketing) or finance and banking. Such an education is crucial for accelerating the formation of a much needed group of rural leaders and entrepreneurs in East Central Europe.

(3) Nicaragua Peace Scholarship Program (NPSP)

The Nicaragua Peace Scholarship Program (NPSP) is an experimental program designed to teach young adults who, because of social and/or economic circumstances, could not complete secondary school educations during the past decade of civil strife in Nicaragua. A small number of veterans from both sides of the conflict are included in the target population. Training is focused to equip young people with technical skills for work so that they may increase their opportunities to be productive in their communities upon return. In addition to studies in either computer repair, clothing construction, mechanics, computer processing, or construction management, students receive English language training, and for those who are capable of reaching this goal, GED preparation and testing in Spanish. In 1992, 75 students who initiated 18-month programs in 1991 graduated and returned home and 61 students completed three months of academic upgrading and began technical training. An additional 53 students will initiate 21-month programs in September 1993.

(4) Institute for Reproductive Health Objectives and Funding

The Georgetown Institute for Reproductive Health (IRH) currently receives funding support under the United States Agency for International Development (A.I.D.) Cooperative Agreement DPE-3061-A-00-1029-00 which extends through June, 1996 (see attachment B). The IRH was developed in 1985 to achieve the following goals: to improve fertility awareness and the acceptability, availability and effectiveness of natural family planning as well as to increase the availability, acceptability and effectiveness of optimal breastfeeding with a focus on its fertility impact. Our approach involves a broad program of work, including fertility awareness, natural family planning (NFP), breast feeding (BF), and the Lactational Amenorrhea Method (LAM).

The Institute plans, implements and monitors worldwide programs, as well as country-specific and subject-specific efforts through action strategies encompassing research, policy, and service delivery, with support functions including information and education, training, and evaluation. The IRH carries out programs in Africa, Asia and Latin America, and has developed an extensive network of contacts and interested parties in the emerging democracies of Eastern Europe and the NIS. The primary foci of our network are university faculties and Ministries of Health in both developed and developing countries, however nongovernmental organizations often play a major role in our service activities.

IRH efforts over the past eight years have focussed on NFP and fertility-specific breastfeeding research, training and service support. Today, with continuing high pregnancy rates among adolescents and high maternal and infant mortality rates, as well as the renewed worldwide interest in these areas stimulated by multilateral agencies, the Institute seeks to increase its efforts, with increased attention to adolescent fertility awareness and optimal breastfeeding support. These efforts become especially relevant in areas of the world where civil unrest and deprivation reduce access to curative and other health care. The emerging democracies are particularly appropriate for this approach.

Reducing adolescent pregnancy is a major maternal mortality intervention which could prevent a significant minority of all maternal mortality; pregnancies that occur among adolescents are more than twice as likely to result in maternal mortality than those among women in their twenties. And if all mothers were to optimally breastfeed, the projection is that between one and two million additional infant lives could be saved each year. The child spacing that results from breastfeeding would also contribute to maternal recovery and maternal health.

The Institute is currently funded at the level of approximately 2.6 million per year. An increase to the current annual contract amount with A.I.D., 3.5 million per year, would allow an increase in current efforts to include:

- 1) Extending into all A.I.D. supported regions
- 2) Accessing and developing capacity within additional service delivery systems
- 3) Additional interaction with sustainable grassroots action networks

(5) Institute for Reproductive Health Satellite Application Programs

The Georgetown University Institute for Reproductive Health (IRH) proposes an expansion of its cooperative agreement with A.I.D. in order to: 1) offer the international community access to the Advanced Communications Technology Satellite (ACTS) which Georgetown has received via NASA; and 2) develop and implement three programs: a) and Adolescent Fertility Education Program, b) a Health Professional and Educational Program for Optimal Breastfeeding, and c) a Population Dynamics Program.

1. The ACTS is an extremely advanced and user-friendly satellite which permits the simultaneous transmission and receipt of video, voice, and data. This presents an opportunity to greatly facilitate communication between A.I.D. and its field offices, between Cooperation Agencies and their field projects, and among institutions

involved in development efforts, NASA has invited Georgetown University to participate as the only university experimenter in this effort. Georgetown would be pleased to extend access to the ACTS, to A.I.D., and its Cooperating Agencies and invite wide participation to encourage full utilization of this technology.

2. The three programs we propose to conduct are related to the current IRH agenda:

Adolescent Fertility Education Program: This program will address the problem of adolescent pregnancy in Latin America. It will focus on issues of specific relevance to adolescents and provide them with information to enhance sustainable decision-making throughout their reproductive lives.

Educational Program for Optimal Breastfeeding: Optimal breastfeeding practices could prevent an additional 1-2 million infant deaths annually. In addition, reduction of reliance on milk formula and bottles and reduced contraceptive requirements would limit unnecessary loss of foreign currency, lower hospital costs, and save family resources. Therefore, education in support of breastfeeding must address policy makers and health care providers in addition to families.

Population Dynamics Program (diploma): This is a diploma program, which would be offered by a consortium of educators at Georgetown University, in conjunction with Universities in Chile, Colombia, Ecuador, and Venezuela. Participants will be health professionals and policy makers, who will participate in a 32-week curriculum. We will collaborate with colleagues at Johns Hopkins University (Department of Population Dynamics), the University of North Carolina, the University of Michigan, and other universities as well as experts at other institutions. The domestic capabilities of the ACTS will greatly facilitate this collaboration.

Two million dollars, in addition to the IRH current grant from A.I.D., is needed to make the IRH Latin America program cost effective.

(6) Enterprise for the Americas Multilateral Investment Fund

The Multilateral Investment Fund was established at the Inter-American Development Bank (IDB) on January 11, 1993. The fund will be used to stimulate private sector investment in Latin America and the Caribbean with particular emphasis on increasing the availability of financing for small businesses and microenterprises.

The Fund includes a Human Resources Facility which provides grants for educational purposes. The goal being to aid in the process of restructuring work forces and provide needed management skills. At the insistence of this committee not less than 33% of the Fund resources will be used for the Human Resources Facility (House Report 102-585).

Georgetown University has established a small business educational and training program in association with Sophia University in Tokyo for small and medium sized business development centers through four cooperating universities in Latin America: Javeriana University in Bogota, Colombia; Pontifical Catholic University in Quito, Ecuador; Andres Bello University in Caracas, Venezuela; Catholic University in Valparaiso, and the Instituto Latino Americano de Doctrina y Estudios Sociales in Santiago, Chile.

These Latin American Universities have submitted to the Inter-American Development Bank (IDB) a proposal for the project in full detail. This program advances the interests of the U.S. Treasury by promoting international markets and opportunities for investment by the expansion of Latin-American, regional small and medium sized business aimed at regional and international markets. Another key and innovative part of the program is to use U.S. advanced technology in satellite communications as a cost effective way of teaching and consultation for development of specific small and medium sized business projects.

This project meets an unfilled gap identified by all four institutions to enable their respective countries to function in the international marketplace. It will further the development of an open, Andean sub-regional market by strengthening the ties between these institutions and their countries.

NASA is launching its ACTS Satellite in July of this year. Georgetown University has arranged for the use of this high technology satellite at no cost. This is a very cost effective way of carrying out our innovative educational and training program. We support the President's request for the next phase of funding of the Enterprise for the Americas Multilateral Investment Fund for FY94.

On behalf of our President, the Reverend Leo J. O'Donovan, S.J., we thank you for your support and leadership in the development of these innovative programs.

Attachment A

CASS Institutions and Participating States

<u>Participating Institutions</u>	<u>State</u>
Bergen Community College	New Jersey
Berkshire Community College	Massachusetts
Broome Community College	New York
Central Florida Community College	Florida
Edmonds Community College	Washington State
Florida Community College at Jacksonville	Florida
Fox Valley Technical College	Wisconsin
Harris-Stowe State College	Missouri
Hesston College	Kansas
Hocking College	Ohio
Illinois Eastern Community College	Illinois
Kings River Community College	California
Kirkwood Community College	Iowa
Modesto Junior College	California
Mt. Aloysius College	Pennsylvania
Mt. Hood Community College	Oregon
Northcentral Technical College	Wisconsin
St. Louis Community College	Missouri
St. Petersburg Junior College	Florida
Scott Community College	Iowa
University of South Carolina-Sumter	South Carolina
University of Wisconsin Center-Marinette	Wisconsin
University of Wisconsin Center-Richland	Wisconsin
Utah Valley Community College	Utah

Natural Family Planning**Research****Initiatives in Natural Family Planning (NFP) and Breastfeeding (BF)**

Cooperating Agency	Georgetown University	Duration	August 1991 -
Project Number	936-3061		August 1996
Agreement Number	DPE-3061-A-00-1029-00	Contract Level	\$17,500,000
		Geographic Scope	Worldwide

Purpose:

To improve fertility awareness and the acceptability, availability, and effectiveness of NFP and BF for childspacing.

Description:

This project is a follow-on to a six-year project created to improve the information and technical resources on NFP and BF available to FP service providers and consumers, researchers, educators, and developing country policymakers. Using findings from the previous project and evaluation team recommendations, this project continues a wide range of activities that include biomedical, social science and operations research; information, education, communication, and training; technical assistance and policy support; and service delivery. Other NFP and BF activities include developing ovulation prediction and detection kits; assessing the fertility impact of BF, specifically the effectiveness of the lactational amenorrhea method (LAM); training NFP trainers in health and FP organizations; improving and expanding service delivery while incorporating BF and LAM; developing BF guidelines for use in suboptimal and long-term conditions; publishing findings in journals and presentations at scientific meetings; and collaborating with international groups and organizations. The project is implemented by the Institute for Reproductive Health (IRH) at the Department of Ob-Gyn, Georgetown University Medical Center. The IRH is divided into two divisions (NFP and BF) which share equally the total project funds. Under this project, the International Federation for Family Life Promotion (IFFLP) is a major subcontractor responsible, among other things, for supporting NFP services in selected developing countries. The IRH has developed and will maintain recognition as a major international resource for supporting BF for birthspacing.

Project Director**AID/W**

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STATEMENT OF FATHER BYRON COLLINS

Father COLLINS. I will give a quick supplement, if I may. I am Father Collins, and we are here to support President Clinton's request for the multilateral investment fund for Latin America, \$75 million. We have a program using a NASA satellite with consortium of universities in United States and Latin America to establish small business centers, and we would like committee support for that.

Thank you.

Senator FEINSTEIN. Thank you, Father.

STATEMENT OF STEPHEN MOSELEY, U.S. COALITION FOR EDUCATION FOR ALL

Senator FEINSTEIN. Mr. Moseley.

Mr. MOSELEY. Thank you, Madam Chairman. Good morning.

I serve as the vice president of the U.S. Coalition for Education for All, and president of the Academy for Educational Development. The coalition which I am representing here this morning includes 350 organizations and members concerned with improving education here in the United States and in developing countries.

The coalition was founded as a result of the 1990 World Conference on Education for All, which was attended in 1989 by the education leaders of more than 150 nations, including our own Nation. I am here today, though, to present a new report. This new report, entitled "Basic Education: The Building Block for Global Development," this was published by the Academy for Educational Development and has been endorsed by the members of the coalition, and I submit it for inclusion in the record along with my full written testimony.

[CLERK'S NOTE.—The above mentioned report has been retained in subcommittee files.]

Mr. MOSELEY. The report was written by Edward B. Fisk, who is a well known education writer and former education editor for the New York Times. We hope it will be helpful to the Committee's deliberations as it presents the results of more than 30 years of experience of investing in basic education in developing countries.

The research in this report indicates that there is a powerful and positive relationship between education and gains in other areas. In developing societies, for example, each additional year of schooling beyond grade three or four can lead to as much as 20 percent higher wages, 10 percent fewer births, and 10 percent fewer child deaths. Farmers, subsistence farmers with just 4 years of education, are 9 percent more productive than farmers with no education. And literacy gains of 20 to 30 percent can boost a country's GNP by 8 to 16 percent.

There is also a striking positive correlation between the rise in literacy rates and a country's political stability, democratization, empowerment of women, and acceptance of new environmental practices. Moreover, we can now see that many of the recently industrialized countries, such as South Korea, which buy significant amounts of American goods and, therefore, generate jobs for Americans, are those very countries in which the United States has made substantial investments in basic education and human resources development.

Comparing countries that have industrialized successfully in the last 50 years with those that have not, we can now see that not a single country—no country—has been successful until it achieved universal primary education, that it increased adult literacy, and moved toward graduating significant numbers of students from secondary education.

The reverse is also clear. Without primary education and sufficient literacy, countries have not successfully developed. These results all point to the important role that investment in education will play in the futurability of our foreign aid program to meet the new administration's goals for health improvement and population

planning , environmental protection, democratization and economic growth.

Human resource development, including both basic education—that is, primary and secondary education—and higher levels of training is an essential means to successfully accomplish these goals. Successful basic education, though, requires a firm commitment and clear-cut investment of resources. A budget level of \$220 million for basic education in the fiscal 1994 Foreign Assistance Program would meet the U.S. proportion of the funding goal which was established for donor Nations at the World Conference for Education for all.

In past years, with support from this committee, Congress has supported basic education with a specific earmark. This year, we recognize a new administration's need and desire for flexible budget authority. Therefore, the basic education funding level of \$225 million which we suggest, is a benchmarked to reflect really the critical importance basic dedication must play to help accomplish this administration's goal for sustainable development.

This amount of development assistance devoted to basic education should be made in addition to strengthened efforts for programs in health, population, and the environment. Over time, as we have seen from the results of the past 30 years, this investment in basic education will pay back dividends many times over to the American people, and will significantly improve the lives of people in the developing world and their ability to sustain themselves.

PREPARED STATEMENT

Thank you, Madam Chairwoman, for the opportunity to speak to the committee this morning on behalf of the U.S. Coalition for Education for All, and the Academy for Educational Development. I appreciate the opportunity of being here.

Thank you.

Senator FEINSTEIN. Thank you, Mr. Moseley.

[The statement follows:]

STATEMENT STEPHEN F. MOSELEY

Mr. Chairman and Members of the Subcommittee, my name is Stephen Moseley. I am President of the Academy for Educational Development and Vice President of the United States Coalition for Education for All (USCEFA). I am appearing in the latter capacity, representing USCEFA, which was founded in 1990, following the World Conference on "Education for All" and which represents 350 organizations and individual members. The World Conference launched an international initiative to meet the basic learning needs of children, youth and adults in all countries around the world. Basic education, as defined by the World Conference on Education for All, includes early childhood and primary or elementary education for children, literacy and numeracy education, and general knowledge and life skills for youth and adults. In this full statement, which I request be submitted for the record, I have included a list of USCEFA's Board of Directors and officers.

I very much appreciate the opportunity to testify before this Subcommittee and to represent the views of USCEFA in addressing the critical role of basic education in our foreign assistance program. Mr. Chairman, basic education is an essential building block and important means for carrying out the primary objectives of our foreign assistance program. It requires a firm commitment and adequate levels of funding.

The administration has identified four key areas in our foreign assistance program, and I believe these priority areas, under the umbrella of sustainable development, have also been embraced by Congress. They include:

- Health and Population
- Environmental Protection
- Economic Growth
- Democratization

The Coalition also supports these objectives. However, we know that development requires an integrated approach that focuses on human development and that utilizes basic education as a principal means for meeting the goals and objectives of those four priority areas. We

know that the attainment of basic skills in literacy and numeracy is crucial to the ability of nations and people to lead healthier lives, to control population growth, to protect the environment, to be economically productive, and to participate in democratic processes and governance. If we spend millions of dollars on the four priority areas but neglect basic education, we fail to leverage the taxpayers' investment to the fullest. Local societies will remain dependent, lacking the capacity and foundation to continue learning and developing.

I want to be clear on this point. We in the educational development community are not saying that basic education or any one area of development is more important than another. We are saying that development activities -- to be effective -- must be holistic and integrated and that basic education is directly related to the success of all elements of development.

The data is clear and the evidence is strong that there exists a powerful and positive relationship between investment in basic education and outcomes in economic productivity, health and population, democratization, and environmental protection. In developing societies, each year of schooling beyond grade three or four can lead to:

- up to 20% higher wages
- up to 10% fewer births
- up to 10% fewer child deaths

Education has a particularly profound impact on economic development. Research indicates that in the developing countries, farmers with just four years of education are 9% more productive than farmers with no education. Literacy gains of 20 to 30 percent can boost a nation's gross domestic product by 8 to 16 percent. It is important to note that after examining the development of 34 wealthy countries over a 110 year period beginning in 1850, researchers have concluded that none had achieved significant economic growth before attaining universal primary education.

The findings linking basic education with economic growth have significance for the ability of our own country's export potential and job creation capacity. They strongly suggest that

investment in basic education overseas can increase purchasing power and provide markets for products produced in the United States. Investments in basic education are, therefore, also in our national economic interest. We can now see that many of the recently industrialized countries such as South Korea that buy most American goods are countries in which the US has made substantial investments in basic education and human resource development. Comparing countries that have industrialized successfully in the last 50 years with those that have not, we can see that no country has been successful until it achieved universal primary education, increased adult literacy, and moved toward graduating significant numbers of students from high school. The reverse is also clear -- without primary education and sufficient literacy, countries have not successfully developed.

The yield from investments in basic education extend beyond economics. When citizens of developing countries receive basic education:

- A foundation is laid for the development of democratic institutions and processes;
- Women are more likely to be empowered to fully participate in their nation's political processes and economic development;
- Families have fewer children;
- Infants and children eat more nutritious food, are treated more effectively for childhood diseases, and infant and child mortality is reduced; and
- People understand and have increased capacity to participate in the formulation of public policy to protect the environment.

Mr. Chairman, one of the reasons I have been asked to represent USCEFA is that the Academy for Education Development, a non-profit organization where I serve as President, has recently issued a report entitled "Basic Education: Building Block for Global Development." I ask permission for this report to be included in the record. The report, written by Edward B. Fiske, former Education Editor of *The New York Times*, reviews the benefits and results of investments in basic education over the last thirty years and also looks to future international needs. The statistics are startling and reveal that much needs to be done.

- Two out of three adults in developing countries lack basic literacy and numeracy skills;
- More than 960 million adults, two-thirds of whom are women, are illiterate;
- More than 100 million children -- one out of four children in developing countries, including at least 60 million girls -- lack access to primary school or formal education;
- Half of the world's children must share a single textbook with the entire class and learn from under-paid, under-educated and under-trained teachers.

If we can overcome these barriers, we will accelerate progress in all other areas of international development. It will take a firm commitment and some additional investment of resources. Experts at the 1990 World Conference of Education for All estimated that \$2 billion per year will be needed from the global donor community to reach a target of primary education for all by the year 2005. As this figure deals only with primary education needs and not secondary education, literacy, or adult and workforce training, it is conservative. Unfortunately, funding education was not a high priority for the donor community during the 1980's. Present levels of donor support for basic education total approximately \$1.2 billion, or only 60% of the \$2 billion required. This means that there is an \$800 million global shortfall, which will have the most impact on those countries in Africa where the basic education needs are so great.

Since 1988, the U.S. Congress has directed A.I.D. to allocate a fixed portion of the Education and Human Resources account for basic education. A.I.D. direct funding for basic learning (EHR, DA/DFA, ESF funds) was \$174 million in FY 1991, \$116 million in FY 1992, and is projected to be more than \$135 million in FY 1993. These figures represent roughly only 1.5% of U.S. non-military bilateral assistance and 11% of total international funds donated for basic education.

Based upon the current proportion of funds donated for basic education, the U.S. portion of the additional \$800 million needed to reach the \$2 billion target would equal almost an

additional \$90 million. Current U.S. funding for basic education is approximately \$135 million. If we add the additional \$90 million to that figure, total U.S. investment in basic education would come to \$225 million in FY 1994. We offer this number as a benchmark and to illustrate the magnitude of the challenge, not to request a specific level. We respect the Administration's desire to have flexibility in managing its allocation, and we appreciate the budget constraints that dominate the public policy process. Nevertheless, it is important that the underlying importance of basic education be understood in relation to carrying out the goals and objectives involved in promoting sustainable development.

We also recommend that some portion of the special funding for Russia and the New Independent States be utilized to help democratize the basic education systems of those countries. These countries have requested U.S. technical assistance to train their education administrators and teachers, to help reform curricula, to introduce new civics education, and to help develop and produce new textbooks.

In conclusion, let me say again that U.S. taxpayers' money will be well spent in the area of international development if we recognize, with commitment and resources, that basic education is a principal means of making progress in health and population, environmental protection, economic growth, and democratization. Funding basic education at adequate levels promotes our national interest by contributing to a more stable, just, and prosperous world community. I am hopeful that we will meet this challenge.

Mr. Chairman, on behalf of the U.S. Coalition for Education for All and my own organization, the Academy for Educational Development, I thank you and the Subcommittee for the opportunity to present these views.

STATEMENT OF BILL REESE, PRESIDENT, PARTNERS OF THE AMERICAS

Senator FEINSTEIN. Mr. Reese.

Mr. REESE. Good morning. I must say on a personal note as a native of the bay area and as a fellow Stanford grad, it is a personal pleasure to testify before you.

Senator FEINSTEIN. Thank you.

Mr. REESE. I am here today to talk about the Partners of the Americas, founded 29 years ago by the Kennedy administration as

the Partners of the Alliance for Progress. We are today the largest private people-to-people organization in the Western Hemisphere; 60 partnerships link 46 U.S. States with Latin America and the Caribbean. For example, Vermont is partnered with Honduras; Texas with Peru; and as you know very well, the San Francisco Bay area with Mexico City.

I am grateful for the opportunity to tell you about partners, as an organization which has, with the support of the U.S. Agency for International Development, made enormous contributions to the development of Latin America and the Caribbean. And I must say, in light of the Sunday Post's editorial "Is it Time to End AID," I think these remarks will put a positive spin on the real accomplishments of AID over the years.

In collaboration with AID, Partners has enabled citizens from across the hemisphere to carry out thousands of economic and social development projects. In the process, they have built relationships—people to people, institution to institutions, and community to community, that have bridged geographic distances, cultural barriers, and the shifting foreign policies of Nations.

This is Partner's idea of sustainability. We have worked with AID mission staff throughout the region and are impressed with the relations they have with the PVO community and the commitment they bring to their work, and the people they serve.

Madam Chairman, let me give you some examples of successful collaboration Partners has enjoyed with AID. We have exchanged over 50,000 volunteer specialists and professionals over these nearly 30 years, such as agronomists, educators, allied health experts, small business leaders, and State and local legislators. In collaboration with AID, partners has provided advanced training in the United States for nearly 2,000 young and mid career professionals from 28 countries in the Americas.

Partners is working with AID in the Eastern Caribbean on a 2-year pilot project to reduce drug usage among young people. Last year, we were awarded by AID a farmer-to-farmer program through congressional legislation to improve agricultural practices in seven countries. Also last year with AID support, Partners began an important initiative to strengthen civic education activities in Latin America and promote citizen participation in local Governments in the development of democratic practices.

Partnerships have responded to disasters. You know well, Senator, how the San Francisco Partners with the San Francisco Fire Department and KGO-TV worked with their Mexico City Partners to rebuild schools after the disastrous earthquake in Mexico City. With help from the Office of Foreign Disaster Assistance of AID, we train professionals in emergency preparedness and mitigation. Partners also carries out projects funded by AID through the Biden-Pell development education grants to educate American citizens about the growing interdependence of our hemisphere.

Although considerable resources come from the U.S. foreign assistance program, a substantial amount also comes from American businesses and foundations such as IBM, American Express, W.K. Kellogg Foundation, just to name a few. This private sector input is critical. But just as Government alone cannot address the needs of our hemisphere, I would submit that neither can the private sec-

tor do it alone. Partner's program has been built on a public-private partnership, one in which AID has been instrumental.

When you add to our Government and private funds, the contributions in volunteer time, the donations of citizens from the Bay area and across the United States, the donations of medical and other supplies, and all the types of support that these partnerships leverage, you have a multiplier effect of over 12 to 1. I think you would agree that is a pretty good return on a taxpayer dollar.

President Clinton, when he was honorary chair of the Arkansas Eastern Bolivia Partners, recently wrote, as President, to our volunteers:

I value and respect the work of Partners of the Americas, the growing interdependence of our hemisphere, and the common problems we face demand that we work together as communities and countries.

PREPARED STATEMENT

The U.S. Congress—and I just close with this—has, in Partners, a bipartisan large constituency for international development that understands how citizens and communities working together can learn from one another and find solutions to common and mutual concerns. The U.S. Agency for International Development has been an invaluable supporter and partner in this process.

Thank you for this opportunity, Senator.

Senator FEINSTEIN. Thank you.

[The statement follows:]

STATEMENT OF BILL REESE

Mr. Chairman and members of the subcommittee:

Good morning. I am William Reese, President of Partners of the Americas.

Founded 29 years ago by the Kennedy administration as the Partners of the Alliance for Progress, we are today the largest private, people-to-people organization in the Western hemisphere. Sixty "partnerships" link 46 U.S. states with regions of Latin America and the Caribbean. For example, Vermont is partnered with Honduras and Texas with Peru. Each side of a partnership--the U.S. committee and the Latin or Caribbean committee--is organized as a private, non-profit, non-partisan institution in its respective community. A complete list of our Partnerships is attached with our testimony.

I am grateful to be here today and have the opportunity to tell you about Partners of the Americas, an organization which has -- with the support of the U.S. Agency for International Development -- made enormous contributions toward meeting the development needs of Latin America and the Caribbean and, at the same time, fostering inter-American friendship and cooperation.

Many of your colleagues were original sponsors of our organization. We are proud of their involvement and the vigorous support members of Congress have given Partners over the last 29 years.

In creating Partners, Congress and AID envisioned a non-profit, private voluntary organization that would provide a way for U.S. citizens to work with the people of a Latin American or Caribbean country to seek solutions to shared concerns.

It was to be a way to use U.S. government "seed" money to mobilize local resources to carry out projects -- in Latin America, the Caribbean and the U.S. -- that would improve the quality of life in the hemisphere. It was to be a non-political network of people that would serve year after year, administration after administration, to extend participation in inter-American relations beyond a government-to-government approach.

It is my privilege to tell you that Partners of the Americas has exceeded those expectations, and that much of the credit for our success is due to the support we have received from AID and its on-going commitment to our work.

Through the Partners program, AID has helped men and women from across the hemisphere carry out thousands of economic and social development projects. In the process, they have built relationships -- people to people, institution to institution, community to community -- that have weathered geographical distances, cultural barriers, and the shifting foreign policies of nations.

Universities in 19 U.S. states are partnered with over 40 universities in Brazil. Wisconsin hospitals have professional relationships with hospitals in Nicaragua. Schools for disabled people in Kentucky are linked up with similar schools in Ecuador. Art museums in Southern California work with partner museums in Argentina. The Teen Institute and other drug prevention programs in South Carolina have an on-going, collaborative relationship with their counterparts in Colombia.

These linkages foster the on-going exchange of information and technical assistance far beyond the life of a particular project. This collaboration -- between people and institutions across the hemisphere -- is the sustainability of Partners.

In each of our 60 partnerships, there is a continuous, unbroken series of activities dating back in some cases 25 years. This is not only unprecedented, but almost unimaginable, when one thinks of the turmoil and change in those countries over the past two and a half decades.

Today, Partners is involved in projects that train professionals, strengthen local institutions, and facilitate collaboration among organizations in the U.S., Latin America and the Caribbean working to address the region's economic and social development needs. Partners' activities promote volunteerism and citizen involvement as a means to address common concerns. This work is carried out through exchanges of professionals and small "seed" grants to self help community projects.

Over the years, Partners has proved its ability to respond to the evolving needs of the hemisphere. Today, our program is marked by initiatives to protect the region's natural resources, promote reproductive health for women, stem the spread of AIDS, combat drug usage, provide services to disabled citizens, strengthen educational systems, and provide income generation opportunities to poor communities. These are concerns we share as a hemisphere.

Just as important is Partners' work to support independent or third sector organizations. Since its inception, Partners has promoted the involvement of private citizens in local economic and social development activities and in the governance of their communities. In a time when the Inter American region is marked by fledgling democracies, this work is critical to fostering the development of civil societies and the safeguarding of democratic movements.

Many people are cynical about government-initiated programs; yet Partners of the Americas is an organization -- founded through and by the U.S. government -- with a privatization that works.

Today, we continue to enjoy a fine working relationship with the professionals in the U.S. government's foreign assistance program. Over the years we have worked with AID Mission staff throughout the region. We have been continually impressed with the quality of the U.S. development corps, their relations with the PVO community and the commitment they have to their work and the people they serve.

I have participated in several briefings for Mr. Brian Atwood, the new Administrator for the Agency for International Development, and am very impressed and encouraged by his emphasis on sustainable development and his support for collaborative relationships with PVOs.

Mr. Chairman, let me give you some examples of the successful collaboration Partners has enjoyed with AID over the years. Our accomplishments - thanks to the U.S. Foreign Assistance Program - have been impressive. For example:

- Partners of the Americas has exchanged over 50,000 volunteer specialists and professionals, such as agronomists, educators, allied health experts, rehabilitation specialists, vocational training personnel, small business experts, and state and local legislators.
- In collaboration with AID, Partners has provided advanced training in the United States for nearly 2000 young and mid-career professionals from 28 countries of the Americas, half of them from the Central American region.

When the Jackson-Kissinger Commission recommended large increases in training funds, Partners became a cost-effective, personalized vehicle for bringing hundreds of technicians and professionals to the U.S. for training. When they returned to their home countries, they were able to maintain many of their relationships with the U.S. through their Partner committees.

Through this program, Honduran small businessmen learned new accounting, marketing and management skills in their Partner state of Vermont. Special educators from Costa Rica enhanced their skills through formal and informal

training in schools and work places in their Partner state of Oregon. In fact, today, the Costa Rican Ministry of Education recognizes that the capability of its special education staff is the result of the Costa Rican-Oregon partnership's 25 year relationship and commitment to excellence.

- We have conducted youth development projects involving 5,000 young people, through such organizations as 4H, Future Farmers of America and the YWCA's and YMCA's.
- We have provided income-generating training activities that have benefited thousands of low-income women in communities throughout Latin America.
- Last year, AID awarded a Farmer to Farmer grant to Partners to improve the effectiveness of farming in seven countries of Latin America, one of which is Honduras -- Vermont's Partner country. Besides enabling more than 200 U.S. farmers and agriculturists to work with farmers and agricultural organizations in Latin America, Partner is promoting volunteerism and private citizen involvement as a means to address local development needs and reinforce democratic principles. In the case of Honduras, farmers from Vermont have already begun working with Honduran counterparts to improve the production of dairy products and the marketing -- both local and export -- of farm products.
- Partners has responded with over \$5 million in assistance to the major natural disasters that have struck Latin America over the past 25 years, such as the 1970 earthquake in Lima, the 1972 earthquake in Managua, the 1976 earthquake in Guatemala, the 1985 volcano disaster in Colombia and the massive earthquake in Mexico City.

Today, Partners continues to work with AID's Office of Foreign Disaster Assistance on important emergency preparedness and relief efforts. For example, Paraguayan emergency medical specialists have trained in their Partner state, Kansas. Furthermore, Kansans collected funds to buy and -- with help from the Denton Amendment -- ship an ambulance and other needed emergency fire fighting equipment to Paraguay.

The top echelon of Sao Paulo's fire department -- an important department when we consider that Sao Paulo is the world's third largest city -- has trained at City Wide College in Chicago, Illinois -- Sao Paulo's partner state. And, special OFDA funds were used by the Maryland-Rio de Janeiro Partners to distribute medical supplies after record floods in Rio.

- In 1988, the Wisconsin-Nicaragua Partners responded creatively and energetically to the Congressional initiative to help Nicaragua's children. This partnership, comprised of private sector, apolitical citizens of Nicaragua, has survived during the toughest of times and continues to work with 315 private, community-based health clinics -- a perfect in-place distribution network for emergency aid.
- With support from AID, the Caribbean partnerships recently began a two year pilot project to reduce drug usage among young people. Working with their counterparts in New York, they are developing community based campaigns to educate young people and their parents about the dangers of drug use.
- Last year, in collaboration with AID, Partners began an important new initiative to strengthen civic education activities in Latin America and promote citizen participation in local governance. One of our first projects was to bring three Bolivian Mayors to their Partner state of Arkansas to study the workings of state government. Their trip was coordinated by the President of the Arkansas Partners

who was, at that time, press aide to the Governor of Arkansas. Before his election, President Clinton was the honorary chair of the Arkansas Partners.

- Partners also collaborates with USAID on programs to assist the advanced developing countries of our hemisphere. We are particularly well positioned with 18 U.S. states partnered with Brazil, 6 with Mexico and 3 with Colombia. These are major trading partners of the U.S. -- countries with whom strong bi-lateral relations have vast economic and political ramifications. We, at Partners, have developed specialized activities -- university linkages, scientific and technology development, child survival efforts and natural resources, management training -- that are appropriate for, and wanted by, these large middle income countries.
- Since its inception, Partners has also carried out activities to educate U.S. citizens about regional economic, social and political issues and the growing interdependence of our hemisphere. Many of these activities have been funded by AID through Biden-Pell Development Education grants. Partners' activities have targeted secondary schools, universities and community organizations and underscored the effectiveness of involving U.S. citizens in areas of concern to them personally -- as well as to other parts of the world -- as a way of nurturing interest in global issues.

All of Partners' activities, of course, take a certain amount of organizational support. AID has helped provide it by making available funds to strengthen our network of volunteer organizations and their ability to respond to the region's development needs.

On the U.S. side, our chapters are each registered non-profits. They are community-based, privately run organizations with freely elected boards. These partnerships are in business 365 days a year to conduct development activities with their Partners to the south.

The mirror side of these U.S. partnerships is the Latin or Caribbean Partners groups who are also fully registered under their countries' laws. They are not expatriate groups; rather, they are indigenous private, voluntary organizations comprised of local citizens who value their working ties with Americans.

Partners is governed by a democratically elected inter-American Board of Directors. The Washington office raises and administers "seed" monies for the 60 partnerships to carry out projects throughout the hemisphere. They benefit communities in the U.S. as well as those in Latin America and the Caribbean. Although a considerable part of our money comes from the U.S. Foreign Assistance Program -- notably AID and the U.S. Information Agency -- we have also received funds from the National Endowments for the Arts and Humanities, the Department of Education, and the National Endowment for Democracy.

In addition, a substantial part of our support comes from American and foreign businesses and foundations such as IBM, American Express, Atlantic Richfield, the W.K. Kellogg Foundation, the Tinker Foundation, the William and Flora Hewlett Foundation, and many others (listed in the attached annual report).

This private sector contribution is critical to our work. But, just as government cannot alone address the needs that confront our increasingly interdependent hemisphere, I submit that neither can the private sector. The effectiveness of the Partners program has been built on a public-private partnership.

When you add to Partners' government and private funds, the contributions in volunteer time, donations of medical and other supplies, voluntary technical support, computer time, office space and supplies, and a hundred other types of support that the

partnerships have been able to access over the years, you have a multiplier effect of over 12 to 1. That's a pretty good return on a tax dollar.

In this era of limited resources, the Partners' multiplier effect stretches the taxpayers' dollars into over \$70 million worth of programs -- programs which have the added dimension of involving American citizens in the planning and implementation.

While AID has been instrumental in making many of Partners' achievements possible, Congressional support is also vital to our work. Many of you have advised and supported us in Washington and in your districts. Your former colleague in the House, Dante Fascell, was honored at Partners' 25th anniversary celebration. In his address, Mr. Fascell stated that "Policy coming from the top down is all right, but it just doesn't move as fast as action that comes from the people themselves. The U.S. will spend more than \$15 billion in foreign assistance this year and its citizens must appreciate the returns on that investment. It is absolutely essential for us to come together as a people. The only way to do it is to network like Partners is doing."

Today, nearly 30 years after the founding of Partners, another administration is in the White House, once again heralding the change of generations and a new world order -- one sensitive to the realities of global interdependence, whether in the management of natural resources, the reduction of population growth, the alleviation of poverty, or the political stability of governments. These global issues can only be addressed through collaborative efforts among citizens and nations.

The thousands of professionals and organizations that have volunteered time and resources to work with Partners are a proven network for such collaboration. They have demonstrated that people from diverse backgrounds and cultures can be brought together around shared interests and mutual understanding and that their relationships endure.

National leaders from the newly-elected democracies in Latin America have visited their counterparts in the United States: The President of Honduras, Rafael Leonardo Callejas, visited the Vermont Partners and saw universities, government leaders and private citizens that know his country better than anywhere else in the world. He invited them to collaborate on new efforts including ecology, drug abuse prevention, and youth development; the Uruguayan First Lady, Sra. Julia Lacalle, visited her country's partner state Minnesota to participate in its silver anniversary celebration; the Nicaraguan Minister of Health, Ernesto Salmeron, visited his country's partner, Wisconsin, to discuss expanded health programs. These are but a very few examples of the relationships that are built through Partners.

President Clinton recently wrote in a letter to our volunteers; "I value and respect the work of Partners of the Americas. The growing interdependence of our hemisphere and the common problems we face demand that we work together as communities and as countries. . . ."

You, the U.S. Congress, have in the Partners of the Americas network a large constituency for international development that understands how citizens and communities working together -- even though their language and culture are different -- can learn from one another and find solutions to mutual concerns.

The U.S. Agency for International Development has been an invaluable supporter and partner to this process.

Thank you.

STATEMENT OF DAVID FRENCH ON BEHALF OF THE HELEN KELLER INTERNATIONAL

Senator FEINSTEIN. Mr. French.

Mr. FRENCH. Thank you, Madam Chairman. My name is Dr. David French. I am former medical director, currently medical adviser, to Helen Keller International, which is active at the present time in some 27 countries in Latin America, the Caribbean, Asia, and Africa.

The Nation is obviously at a critical juncture in terms of its foreign policy and its development assistance in foreign aid policy. The necessity for stabilizing the new democracies in Eastern Europe and the newly Independent States may result in serious and long-recognized needs of the developing world of Africa, Asia, and Latin America receiving fewer resources.

Particularly, we are concerned about programs such as child survival, vitamin A, and other nutritional deficiency programs, primary health care, and river blindness programs that they may become undersupported.

Let me speak a bit about river blindness. Our River Blindness Program now operates in Burkina Faso, Niger, Cameroon—all in Africa—and Mexico. There has been an Onchocerciasis Control Program, partially funded by the United States through the World Bank, which has protected some 30 million people, including 9 million children, from eye loss in West Africa. There is additional need to expand beyond that, and this job, we feel, should be done by U.S. PVO's.

There has been some funding. A 3-year program was funded, and it needs to be refunded to the tune of \$1.5 million for this purpose.

VITAMIN A AND IODINE

In 1990, at the meeting of the U.S. World Summit for Children where 158 Nations agreed upon a set of child health nutrition and educational goals for the year 2,000, it was agreed that there could be some 50 million children's lives saved, and that health and educational development of hundreds of millions more would occur as a result of this.

In general, the House bill continues the vitamin A and micronutrient deficiency programs at 1993 levels. These levels were above 1992, \$25 million, but we feel there should be—we strongly urge an increase of at least \$5 million in order to totally recognize the abilities of this program.

Vitamin A deficiency exists particularly in West Africa in the Sahel and in eastern and southern Africa the full degree of this is unknown at the present time. Expanded funding would allow us to assess this need and develop programs throughout Africa.

We have seen by studies in Asia and Africa that the mortality rates from vitamin A deficiency can be decreased 35 to 60 percent by a vitamin A program being—delivery of vitamin A, and this can be done by the delivery of two capsules a year at the cost of a dollar a capsule.

The World Health Organization estimates that there are 13.8 million children with some degree of eye damage because of vitamin A deficiency; 250,000 to 500,000 of these will lose their lives and their sight, and two-thirds of those who are blinded will die.

HKI believes that the focus of this assistance should be upon the use of U.S. PVO's in order to carry out vitamin A distribution.

CHILD SURVIVAL

We would urge the appropriation of \$300 million for child survival programs. Consistent with the levels of the World Summit for Children Implementation Act, the House bill includes \$275 million, the same level as 1993.

Treatment of blindness in children by PVO's. There are large numbers of children in the developing world with types of blindness which can be surgically corrected. Surgical intervention can cure blindness such as juvenile cataract, corneal scarring, and retinopathy of prematurity.

PREPARED STATEMENT

In the fiscal year 1993 appropriations your subcommittee and the Senate earmarked \$1 million for these surgical programs. The PV office has some portion of the \$1 million earmarked. It is not clear where the remainder of the \$1 million is, but we strongly suggest the continuation of this program.

Madam Chairman, I thank you very much for your time, attention, and consideration.

Senator FEINSTEIN. Thank you very much, Mr. French. I think one of the things that we would all agree with is that \$300 million is not too much to use for child survival.

Mr. FRENCH. I strongly agree.

Senator FEINSTEIN. We appreciate your comments. Thank you.

[The statement follows:]

STATEMENT OF DAVID FRENCH

General Statement and Summary

My name is David French, M.D., M.P.H., the Medical Advisor to Helen Keller International (HKI) on whose behalf I am testifying. Helen Keller International was founded in 1915 by Helen Keller. HKI is a nonprofit organization located in New York City. We have offices and programs currently in at least 27 countries in Latin America, the Caribbean, Asia, and Africa.

The nation is obviously at a critical juncture in terms of its foreign policy and its development assistance and foreign aid policy. Circumstances of constrained resources and the necessity for stabilizing the new democracies of Eastern Europe and the NIS, may result in the serious and long recognized needs of the developing world of Africa, Asia, and Latin America receiving fewer resources. The House bill, for example, is below the President's request for development assistance and his request was below 1992. In particular, programs such as Child Survival, vitamin A and other nutritional deficiency programs, primary health care and River blindness programs, each of which is cost effective and furthers human dignity and rights, are under supported. The ability to survive and live without disabling disease such as blindness is a prerequisite to the right to be productive economically and assert and enjoy the democratic rights which we believe all individuals should enjoy. Our humanitarian assistance in the poor nations of the world is therefore also critical to sound foreign policy.

River Blindness (Onchocerciasis Control Program)

Our River Blindness (onchocerciasis) program now operates in Burkina Faso, Niger, Cameroon, and Mexico. Through insecticide spraying and distribution of the drug Ivermectin the Oncho Control Program of Africa (OCP) has protected 30 million people including 9 million children from total eye loss. We urge adequate funding of U.S. PVOs that are already working in the rural areas of Africa and Latin America to distribute Ivermectin. We think funding for U.S. PVOs should be expanded to assist in the devolution of Oncho programs to the individual nations involved. Funding has been held level over 2 years and the initial funding was one third of what we expected. We believe that PVO Ivermectin River Blindness program should be funded at least at the same level for an additional three years for \$1.5 million for U.S. PVOs to extend program coverage to other countries of Africa and the Americas such as Brazil and Cameroon. As you recall, the Agency for International Development spread the initial one-year appropriation for the private voluntary organizations' distribution of Ivermectin over 3 years.

Neither the President's request nor the House bill include funds to extend and expand the Ivermectin Program.

Vitamin A and Iodine

Helen Keller International strongly supports the principles of The World Summit for Children Implementation Act and the funding levels supported there. The legislation is the result of work done in 1990 at the meeting of the U.S. World Summit for Children where 158

nations agreed upon a set of child health, nutrition, and educational goals for the year 2000. Reaching these goals could save the lives of 50 million children and spur the health and educational development of hundreds of millions more over the remainder of this decade. These micronutrients could save or at least help to protect the lives of children in a very cost-effective manner.

In general, the House bill continues the Vitamin A and micronutrient deficiency programs at 1993 levels. Those levels were well above 1992 and are \$25 million with Vitamin A at least \$13 million of the \$25 million. These programs are so effective, we would urge an increase of at least \$5 million in the total program bringing it to \$30 million.

At the International Conference on Nutrition held recently in Rome, the Agency for International Development indicated that it was going to support \$50 million over 10 years Vitamin A and micronutrient deficiency program. We are supportive of that proposal and hope to work with the Agency for International Development on it. The intent of that proposal is to provide assistance to host countries emphasizing the economic and other benefits of good nutrition programs. The program is referred to as "Opportunities for Micronutrient Intervention" (OMNI).

Vitamin A deficiency has been known to be responsible for about 5 million new cases per year of eye disease in children in developing countries. Five hundred thousand children are estimated to become blind each year. In response to these facts, the Congress and AID initiated a Vitamin A deficiency support program. Helen Keller International began its Vitamin A program in Asia some 20 years ago.

Vitamin A deficiency exists in severe form in Africa as well. The countries with the severest problems are those in the West African Sahel but the problem must likewise be most severe in drought and famine stricken Eastern and Southern Africa. The Vitamin A program needs expanded funding to assess need and to develop programs throughout Africa.

Studies in Asia and Africa between 1982 and 1986 including a recently completed study in Ghana have shown a marked decrease in mortality and morbidity among children when Vitamin A programs are initiated. Mortality decreases demonstrated by these studies have between 35 to 60 percent when Vitamin A is given. These studies have involved high dosages of Vitamin A in children. Studies have also indicated that improved growth patterns occur and there are decreased rates of anemia, infections and diarrhea. To date, therefore, in focusing only on nutritional blindness, we have reached only a third of the children in need.

There is little doubt that Vitamin A deficiency is a significant factor in not only blindness, but also childhood mortality, infections and anemia in Asia and Africa. The total cost of getting a capsule to a child is only \$1.00 per capsule and a capsule must be delivered only twice a year. I added this from the World Health Organization's report and from the Agency for Health Care Policy and Research's Newsletter: Vitamin A is also very effective in fighting measles and according to the Agency for Health Care Policy and Research "vitamin A should be given to all measles patients in developing countries, whether or not they have symptoms of vitamin A deficiency." The Agency's Research Activities article goes on to say

"further research on the effects of vitamin A as a supplement to conventional therapy for other serious childhood illnesses, such as diarrhea and lower respiratory infections." (Agency for Health Care Policy and Research. No. 164, May 1993) Further details about vitamin A is in an article in the *Journal of the American Medical Association* 269 (7:898-903). Also Report No. 11778 from the World Bank entitled "World Development Report 1993 - Investing in Health" of April 1993 reenforces the effectiveness of vitamin A. The World Health Organization calculates that 13.8 million children have some degree of eye damage because of vitamin A deficiency. Of those 13.8 million, 250,000 to 500,000 lose their vision every year. Two-thirds of those blinded children die. Vitamin A deficiency and iodine deficiency are particularly common in Asia and Sub-Saharan Africa.

HKI believes that the appropriate focus of this assistance should be upon the use of U.S. PVOs to develop programs and train and assist indigenous PVOs to implement the programs over time. HKI currently operates such a program known as VITAP funded by AID, the Vitamin A Technical Assistance Program. The focus of the Vitamin A program increases should also be on program development in Africa which has tremendous need for this program and in Cambodia and other countries in Indo-China.

The International Conference on Nutrition established a Plan of Action for Nutrition. Helen Keller International participated in the Conference and in the development of the plan. We also had our own workshop for interested persons from other countries to share with them the work we have been doing with the assistance and support of Congress, particularly this Subcommittee, and the Agency for International Development. The Plan refers to the fact that Vitamin A deficiency causes poor growth, blindness, infections, and death. Iodine deficiency affects over one-fifth of the world's population and is a preventable cause of mental retardation. Other micronutrient deficiencies are folate, B-complex, and C vitamins, zinc, and calcium. The Plan adopts a strategy to the following:

1. Assess the extent and epidemiology of the problem;
2. Accelerate efforts to achieve the elimination of vitamin A and iodine deficiencies and reduction of iron deficiency;
3. Formulate and implement programs to correct micronutrient deficiencies and prevent their occurrence;
4. Ensure that sustainable food-based strategies are undertaken as first priority particularly for vitamin A and iron deficient populations;
5. Ensure and legislate for the fortification of foods or water, when feasible, with necessary micronutrients when existing food supplies fail to provide adequate levels in the diet;
6. Ensure that nutrition education and training programs are implemented;
7. Strengthen micronutrient surveillance capabilities;
8. Support research on the role of micronutrients in health and disease;
9. Consider, as appropriate, coordinating micronutrient deficiency control activities under the direction of a national committee;
10. Encourage FAO, WHO and all other concerned international agencies and nongovernmental organizations, to provide assistance in combating all aspects of micronutrient deficiency problems.

11. Recognize that refugees and displaced persons, being susceptible to iodine, vitamin A and iron deficiencies, are also susceptible to other deficiencies and in particular to vitamin B₁ deficiency, niacin deficiency, (pellagra), and vitamin C deficiency (scurvy).

Child Survival

As this Committee has often said, you recognize that savings and improving the lives of children is one aspect of foreign assistance that has been shown to work, and that funding for immunization, child survival, health, including nutrition, and other programs can be traced specifically to keeping children alive. Children are our future, not just at home but throughout the world. They are our hope. Investment in their health will assure a better and more stable future. We would urge the appropriation of \$300 million for Child Survival programs consistent with the levels of the World Summit for Children Implementation Act. The House bill includes \$275 million, the same level as 1993.

As noted earlier in this testimony, the World Summit for Children, under sponsorship of UNICEF produced a World Declaration on the Survival, Protecting and Development of Children, which was signed by 159 national leaders including the United States. A part of that same document is a Plan of Action. We at Helen Keller International were NGO participants in this program and fully support all seven major goals. Additionally, we would like to emphasize several Supporting/Sector goals which relate especially to the activities and interests of Helen Keller International and the high impact of Vitamin A programs on the health and survival of children. They are under Nutrition items as mentioned in the report. They are:

1. Reduction in severe, as well as moderate malnutrition among under-5 children by half of 1990 levels;
2. Virtual elimination of Vitamin A deficiency and its consequences, including blindness;
3. Empowerment of all women to breast-feed their children exclusively for four to six months and to continue breast-feeding, with complementary food, well into the second year;
4. Growth promotion and its regular monitoring to be institutionalized in all countries by the end of the 1990s;
5. Dissemination of knowledge and supporting services to increase food production to ensure household food security.

and under Child Health items:

1. Reduction by 95 percent in measles deaths and reduction by 90 percent of measles cases compared to pre-immunization levels by 1995, as a major step in the global eradication of measles in the longer run;
2. Maintenance of a high level of immunization coverage (at least 90 percent of children under one year of age by the year 2000) against diphtheria, pertussis, tetanus, measles, poliomyelitis, tuberculosis and against tetanus for women of child-bearing age;

3. Reduction by 50 percent in the deaths due to diarrhea in children under the age of five years and 25 percent reduction in the diarrhea incidence rate;
4. Reduction by one third in the deaths due to acute respiratory infections in children under five years.

Assurance of increased funding for Child Survival as suggested above would allow continued support of HKI's child survival activities in the developing world, especially in the areas listed above.

Treatment of Blindness in Children by PVOs

There are a large number of children in the developing world with types of blindness which can be surgically corrected. These children have unfortunately not been reached by prevention programs such as Vitamin A distribution. This has been noted in the previous referenced report by the World Health Organization entitled "World Development Report 1993 - Investing in Health," Report No. 11778. However, surgical intervention can cure blindness such as juvenile cataract, corneal scarring, and retinopathy of prematurity in many of these children and enable them to function independently and productively. In the fiscal year 1993 appropriation, your Subcommittee and the Senate earmarked \$1 million for surgical programs to assist blind children in the developing world. We have included a proposal to provide surgical services to children as part of a PVO matching grant. The PVO Office has some portion of the \$1 million earmark for PVO programs. It is not clear where the remainder of the \$1 million is. We would urge a continuation of this initiative in FY 1994. It is a cost effective program. The House bill does continue this initiative.

I thank you for your time.

STATEMENT OF MAYRA BUVINIĆ, COALITION FOR WOMEN IN DEVELOPMENT

Senator FEINSTEIN. Ms. Buvinić. Welcome.

Ms. BUVINIĆ. Madam Chairman, I am Mayra Buvinić, and I am president of the International Center for Research on Women here in Washington, DC, and I am here representing the Coalition for Women in International Development.

I have submitted written testimony, and I ask that it may be made part of the hearing record.

Congress and the American taxpayer want to increase the effectiveness of the U.S. dollars that go to foreign aid. We all want to see more and better results for the money that we invest. One way to achieve greater returns on our foreign assistance, and one that has been largely overlooked to date, is to invest in women. Why? Not because women are a special group that needs affirmative action, and not because women are the victims of inappropriate development policies.

Senator, we need to invest in women to reduce hunger and poverty in the world, to increase family wellbeing, and most importantly, to achieve sustainable growth in a cost-effective manner. It makes economic sense to invest scarce U.S. foreign aid in women.

In 1965, more than one-half—57 percent—of the rural poor in the developing world were women. But 1988, they made up 60 percent of the rural poor. If one of the major objectives of foreign aid is to reduce poverty, therefore, we need to target women. If another major objective is to increase the welfare of children, we need to target women. More generally, we need to invest in women if we wish to increase the social returns of U.S. foreign assistance.

The social benefits of educating girls are far greater than those of educating boys. For instance, the cost of an additional year of schooling for 1,000 women in Pakistan would be about US\$30,000. But because an additional year of schooling for women has positive effects not only on women's earnings but also in helping to reduce child mortality and in increasing the use of family planning, this investment would entail savings of about \$88,500 in terms of foregoing the need to use aid for alternative health and family planning interventions.

Similarly, the social benefits of increasing poor women's income can be far greater than those of increasing men's income. This is because women spend more wisely, or perhaps invest more than men in child welfare. In the case of Brazil, for instance, the survival probabilities of a child increase by a factor of almost 20 when income is in the hands of the mother versus the father. In Guatemala, improving child health requires expenditures that are 15 times greater when income is earned by the father than when it is earned by the mother.

Additional reasons to invest foreign aid in women are contained in my written testimony for today's hearings. These reasons include more effective ways of reaching population goals and of promoting human rights.

What can be done? Attached to my testimony are the Women's Empowerment Initiative, and Women's Issues in Development Cooperation. These two documents have been put together by coalitions of women and development experts, and contain explicit recommendations for action. The essence of both documents is that the time has come to put people and women first in the U.S. foreign aid bill.

We need explicit policy language in the bill that states that investing in women is the major objective of foreign assistance.

We need to facilitate the achievement of this objective by requirement commitment, too, and technical competence on women's issues in AID and in the development agencies that receive U.S. moneys.

PREPARED STATEMENT

We need to set up a system of effective accountability that is based on meaningful results and impacts rather than on mere compliance with bureaucratic requirements and oftentimes meaningless numerical targets.

Finally, we need to provide adequate budget allocations to promote, monitor, and reward the work of the agencies and individuals on behalf of women.

We in the NGO community stand ready to help.

Thank you.

[The statement follows:]

STATEMENT OF MAYRA BUVINIĆ

Chairman, Members of the Committee:

I am Mayra Buvinić, President of the International Center for Research on Women.

I am here representing the Coalition for Women in International Development.

I appreciate the opportunity to participate in this hearing, and to speak to you briefly today. I have submitted written testimony to the committee and ask that this be made part of the hearing record.

Mr. Chairman (Senator Feinstein) and members of the committee, Congress and the American taxpayer want to increase the cost-effectiveness of the US dollars that go to foreign aid. We all want to see more and better results for the money we invest. One way to achieve greater returns on our foreign assistance, and one that has been largely overlooked to date, is to invest in women. Why? Not because women are a special group that needs affirmative action. And not because women are the victims of inappropriate development policies. We need to invest in women to reduce hunger and poverty in the world, to increase family well-being and, most importantly, to achieve sustainable growth in a cost effective manner. It makes economic sense to invest scarce US foreign aid in women.

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Investing in Women

Twenty years after Senator Percy introduced the WID amendment to the Foreign Assistance Act of 1973 a wealth of evidence offers testimony to the Senator's foresight, and to the importance of investing in women to achieve global objectives in the 1990s. Why should the U.S. invest in women? Not because women are a special group that needs affirmative action. And not because women are the victims of inappropriate development policies. We need to invest in women to reduce hunger and poverty in the world, to increase family well-being and, most importantly, to achieve sustainable growth in a cost effective way. It makes economic sense to invest scarce U.S. foreign aid in women.

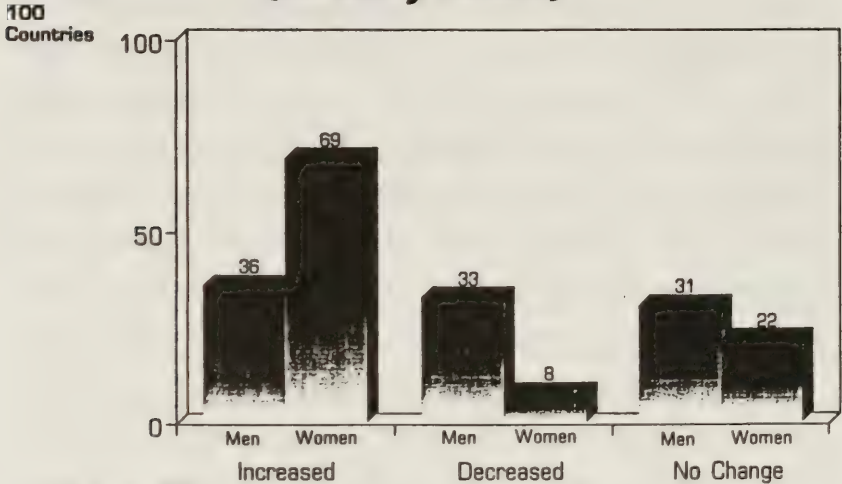
Facts:

Women everywhere are working more than ever, in the home and well as in the work place. Women in the South, as well as in the North, are participating in increasingly large

numbers in the work force, as a result of technological and commercial breakthroughs, the opening of trade frontiers, global markets and the promotion of outward-oriented export promotion policies in the South. Figure 1 shows this feminization of the work force in developing countries.

Figure #1

Global Feminization of Work in 1980's (Activity Rates)



Source: Standing, 1989

Figure #2

% of Women in Self-Employed/Unprotected Work (Selected Countries)

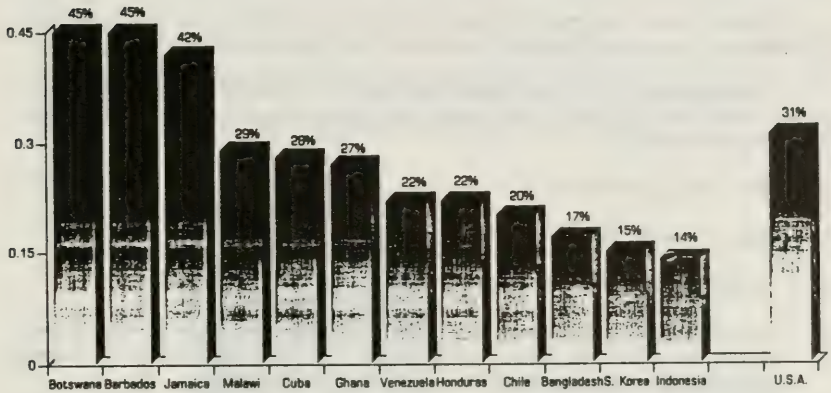
Africa		
1. Congo	(1984)	39%
2. Gambia	(1983)	25%
3. Zambia	(1986)	53%
Latin America		
4. Ecuador (Quito)	(1985)	50%
5. Mexico (Urban) *	(1981)	35%
6. Bolivia (La Paz)	(1983)	48%
Asia		
7. India	(1981)	49%
8. Indonesia	(1980)	43%
9. Malaysia	(1986)	43%

*excludes domestics

Sources: United Nations/Instraw/UN Statistical Office (1,2,3,8 & 9)
 Buvinic, Berger, Jaramillo (4)
 Presic (5)
 Casanoves (6)
 Mitra (7)

Figure #4

Percentage of Households Headed by Women in 1980's



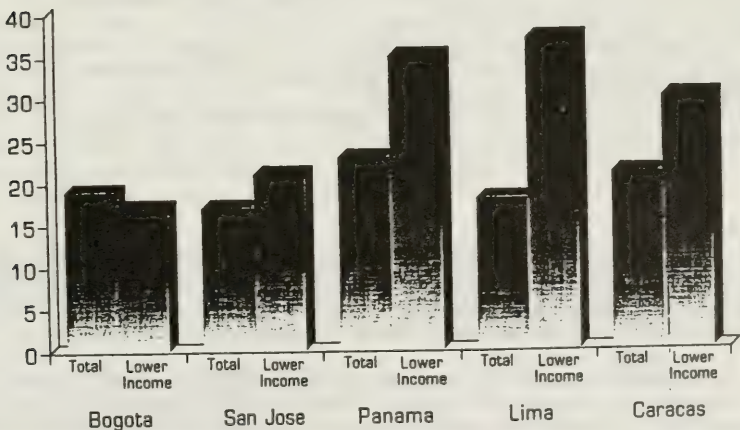
Sources: United Nations, 1991
 Folbre, 1990
 CASEN, 1990
 Loust, et al., 1992

opportunities and earn less than men, households that have women as main providers are on average poorer than households headed by men.

Figure 5 shows how households headed by women are overrepresented among the poor in 4 out of 5 Latin American cities.

Figure #5

% of Women-Headed Households Among All Households in Selected Cities, by Class



Source: United Nations, 1985.

Much of the work done by women in the South is, however, low paid and unprotected, as employers having to compete in international markets pay individual rather than family wages, offer no benefits and no employment security, and often prefer women to men workers for their greater reliability in the work environment.

Figure 2 gives examples of the proportion of women in selected countries in this kind of unprotected, unregulated and, often uncouncted and invisible employment.

A fundamentally sound and sensible objective of U.S. foreign policy, therefore, should be to increase the productivity and earnings of women in the South and expand their economic opportunities.

Why? For three major reasons:

1. because poverty has increased for women;
2. because of women's rising economic responsibilities for family welfare; and
3. because poor women, more so than poor men, invest their meager earnings in child well-being -- increasing both the social returns on foreign assistance and the chances to contain the transmission of poverty into the next generation.

Figure #3

The Feminization of Rural Poverty (in Millions)

	1965	1988	% Growth
Men	256,177	332,627	30%
Women	337,026	493,808	47%
Total	593,204	826,435	

Source: Jazry, Alamgir and Panuccio,
1992 (IFAD)

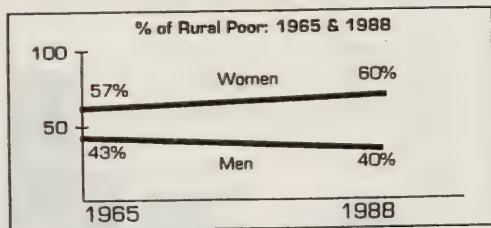


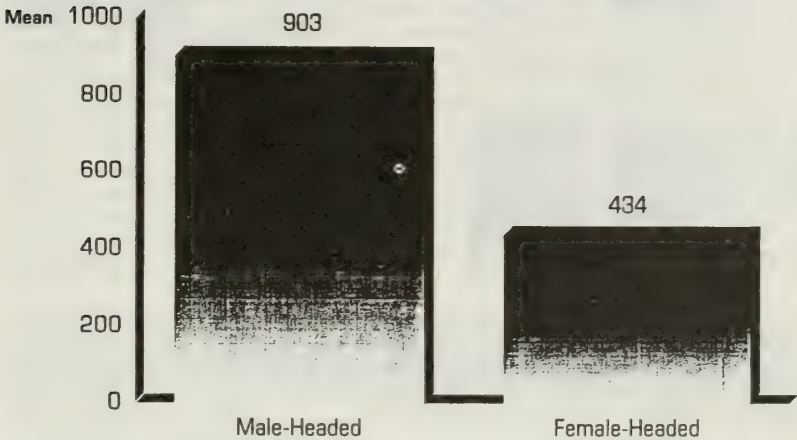
Figure 3 shows the increasing feminization of rural poverty as a result of, among others, the worldwide economic crisis, civil conflicts and natural calamities, environmental degradation, and changes in traditional values and customs reflected in male migration and male desertion, the erosion of extended family systems and single motherhood.

Figure 4 shows one of the consequences of global social and economic trends: the increasing numbers of women who support families or households largely on their own. The high percentage of households headed by women is a clear indicator of women's rising economic contributions and responsibilities. The income of these households is another indicator of women's poverty and economic need. Because women have fewer economic

Figure 6 reveals the poverty of women headed families in rural areas of Botswana. These rural households headed by women in Botswana are poorer than those headed by men, not because women are less educated than men nor because they work less than men. They are poorer because they have less land, fewer oxen to use for plowing, and less access to other productive resources, such as farm technology and agricultural extension.

Figure #6

Income with Transfer by Household Composition in Botswana



Source: Kossoudji and Mueller, 1983.

The third reason to increase women's productivity and earnings in the South is because money in the hands of poor women can yield higher social benefits than money in the hands of poor men. This has been shown in the case of women-headed families and, more generally, in situations where poor women control the way family income is spent.

Figure 7 shows the positive effects of income in women's hands on child well-being. In the case of Brazil, the survival probabilities of a child increase by a factor of almost 20 when income is in the hands of the mother versus the father. In Guatemala, improving child health requires expenditures that are 15 times greater when income is earned by the father than when it is earned by the mother. Poor women invest more "wisely" or invest more than poor men in child welfare. Cost-effective policies that wish to maximize investments in human resources should take advantage of rather than ignore this preference women have to devote resources to child well-being, and increase women's opportunities to participate in the market economy and earn cash.

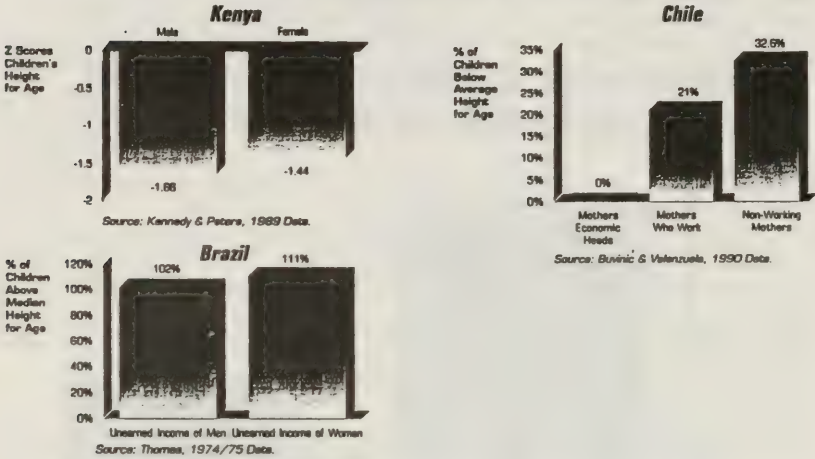
What can the U.S. do to increase the economic opportunities of women in the South? In an accompanying document, Women's Issues in Development Cooperation: A Call for Action, signed by 43 organizations and 37 individuals, you will find some key objectives that U.S. foreign policy could embrace to maximize women's contributions to sustainable and more equal growth worldwide.

Let me briefly highlight some of these objectives, and give you some examples of what has and has not worked.

First, through bilateral and multilateral assistance the Administration should vigorously pursue the policy objective of closing the gender gap in educational opportunities.

Figure #7

Relationship Between Mother's Income and Child Well-Being



According to Lawrence Summers, U.S. Undersecretary of Treasury for International Affairs, the worldwide implementation of closing this gap in education would cost about 2.4 billion. He has further calculated that developing countries could do this by investing in 19 rather than 20 power plants. What would be the payoffs?

The social benefits of educating girls are far greater than those of educating boys. As Undersecretary Summers estimated for Pakistan, the costs of an additional year of

Figure #8

Costs/Benefits of One Additional Year of Schooling for 1,000 Women in Pakistan (Estimated)

<u>Costs</u>		
<u>Schooling:</u>	Cost for 1,000 Women	= \$30,000
<u>Benefits</u>		
<u>Female Earnings:</u>	Increase in Wages	= 20%
<u>Child Mortality:</u>	Child Deaths Averted	= 60
	Alternative Health Intervention to Save 60 Lives	= \$48,000
<u>Fertility:</u>	Total Births Averted	= 500
	Alternative Family Planning Costs Per 500 Births Averted	= \$33,000
<u>Maternal Mortality:</u>	Total Maternal Deaths Averted	= 3
	Alternative Costs Per 3 Averted Maternal Deaths	= \$7,500

Source: Summers, 1992.

schooling for 1,000 women in Pakistan, where the educational gap between the sexes is substantial, would be about \$30,000.

The potential benefits of the implementation of this measure are detailed in the following figure -- Figure 8. As you can see in Figure 8, an additional year of schooling for women has positive effects on earnings and farm productivity for women (as well as for men) as well as positive effects (for women only) in reducing child and maternal mortality and increasing the use of family planning.

Second, the U.S. administration should target spending in agricultural research, training and extension by international, bilateral and national institutions to benefit women farmers and enforce implementation. To illustrate the need for this targeting of agricultural spending, let me present an example of what national agricultural extension systems should not do. In the late seventies Kathleen Staudt documented insightfully the little access women farmers in Western Kenya had to agricultural extension. Forty-nine percent of the female managed farms were never visited by an extension agent -- compared to only 28 percent of the male or jointly managed farms. Ninety-nine percent of the female managed farms received no information on credit, compared to 86 percent of the male managed ones. Worse, this bias was present for all female farmers, including those that were farm innovators, whether innovation was measured by number of crops grown for cash, farms devoted to income earning, or early adopters of hybrid maize. For instance, 69 percent of the female farmer early adopters were visited by an extension agent compared to a full 97 percent of the male farmer early adopters.

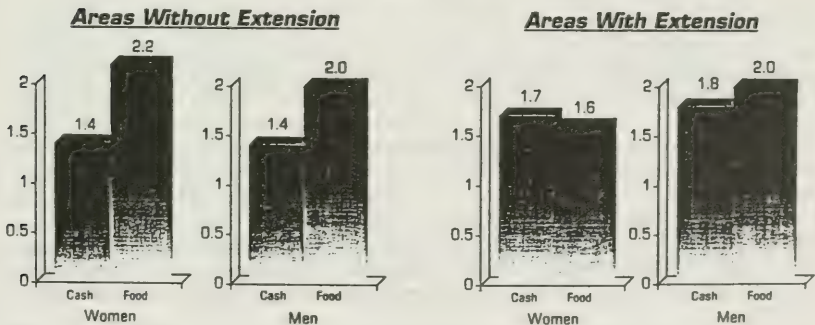
The consequence of this male bias in the extension service can be seen in this next figure. Figure 9 shows that the productivity of female farms suffered where slanted extension services rather than no extension services were offered. Worse, in terms of family welfare, notice that the productivity of women farmers suffered the most in terms of food crops for family consumption.

A recent extension project in Cameroon found that men received 8 times more individual farm visits than did women. In Imo State, in Nigeria, extension services that include training are offered in locations that are inconvenient to women.

Figure #9

Consequences of Preferring Males to Females in Agricultural Extension in Western Kenya

Productivity of Cash Crops Vs. Food Crops

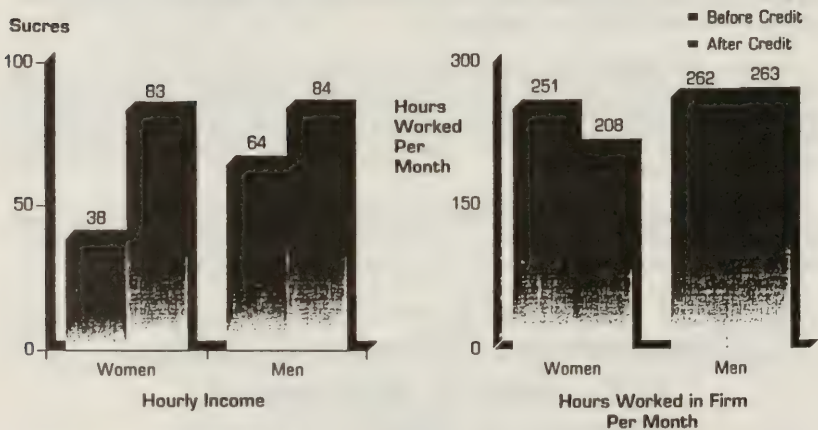


Source: Staudt, 1978.

Third, the U.S. should pursue financial policies and programs that significantly increase women's access to capital by, among others, financing innovative credit programs. To illustrate this is a success story of what can be done with the extension of credit. A USAID funded project in Quito, Ecuador, paid special attention to making credit accessible to small firms of both women and men. With modest additional effort, which included technical assistance and a small credit line (of \$50,000) earmarked for women, the project was successful in attracting women as well as men borrowers. We did an evaluation of the impact the credit had on these women-owned and men-owned firms. Figure 10 shows that women-owned firms increased their net hourly earnings significantly more than male-owned ones, with an additional indirect or unanticipated benefit: the women, but not the men, helped by the credit, seem to have become more efficient producers. They reduced the time they spent at work: from 10 hours a day to about 9 hours per day, 6 days a week. The impact on family well-being of this reduction in time worked was likely significant and positive.

Figure #10

Implications of Access to Credit on Small Men- and Women-Owned Firms in Quito, Ecuador



Source: Buvinic, Berger, & Jaramillo, 1989.

Lastly, to increase women's economic opportunities it is important to invest in complementary women-oriented interventions in health and nutrition that are based on the basic principle of seeing women in the South for what they are: economic and social agents and not merely passive recipients of welfare. The Bangladesh Women's Health Coalition has implemented an impressive woman-centered health service delivery program where family planning for women is integrated with pediatric care for children and general health services for women. Figure 11 shows the proportion of services provided by the seven BWHC clinics, and includes comparative costs for the delivery of family planning. Contrary to common wisdom, in this case it is less rather than more expensive to provide family planning integrated with other health care. This is a good example of a sensible and straightforward modification of health services that is grounded on the acknowledgement that poor women's time is both valuable and scarce, and that their access to health care can increase dramatically when two services are offered in one location and in one trip. It also responds to, and builds on, the priority most mothers give to their children's health over their own.

Figure #11

Cost Effectiveness of Family Planning Programs' Costs for Births Prevented (Adjusted)

Bangladesh Women's Health Coalition	\$ 7.08
Social Marketing and NGO's	\$32.20
Bangladesh Gov't Program	\$68.25

% Health Services Offered Through Bangladesh Women's Health Coalition Clinics 1989-1990

Health Service	All Clinics	Urban	Rural
Family Planning	25	42	16
Woman's Health	38	31	34
Child Health	37	27	50
	100%	100%	100%

Source: Kay and Kabir, 1988
Kay, Germain & Bangaer, 1991

But there are other reasons to invest in women in foreign assistance. It not only makes economic sense. It is an eminently equitable strategy; it promotes pluralism and democracy; and it should help substantially improve the human rights record worldwide. The Percy Amendment promoted gathering the evidence about women's lives that I have presented today. It further contributed to the formation and multiplication of women's organizations and women's groups everywhere, including the ones represented here today. This Administration has a unique opportunity: if it is visionary, it can capitalize both on the richness of opportunities that individual women offer through their work and on the resources women's organizations offer worldwide to promote and implement sustainable development. More concrete recommendations for USAID are contained in the "Call for Action" paper. Mr. Chairman we urge you to take them seriously, and stand ready to help you.

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[LETTER FROM THE INTERNATIONAL CENTER FOR
RESEARCH ON WOMEN]

February 17, 1993

The President
The White House
Washington, DC 20500

Dear Mr. President:

The enclosed position paper on "Women's Issues in Development Cooperation: A Call for Action" reflects the deliberations, under the auspices of the International Center for Research on Women (Washington, D.C.), of a wide array of organizations and individuals with substantial expertise in development cooperation. The signatories of this paper advocate attention to women's issues in international development based on the strong conviction that effective, sustainable development will be achieved only with the full participation of women. We urge you to consider and act upon our recommendations. At this critical juncture in the history of development assistance, the time has come to replace rhetoric regarding integrating women in development policy with decisive action.

We stand ready to assist you and your Administration in reshaping U.S. development assistance and the Agency for International Development in order to implement these recommendations.

On behalf of the signatories of the position paper,

Mayra Buvinic

Mayra Buvinic
President

Margaret A. Lycette

Margaret A. Lycette
Vice President

Enclosure

WOMEN'S ISSUES IN DEVELOPMENT COOPERATION: A CALL FOR ACTION

Women in the developing world play critical roles in their national economies. They grow the majority of food for family consumption and constitute over one-third of the agricultural labor force, up to 75 percent of informal sector workers, and a growing proportion of formal sector workers. While their earnings are vital for household welfare, especially in the 20 to 40 percent of households that are supported by women alone, women also provide roughly three-quarters of their families' primary health care, and manage the household's sanitation and use of natural resources. Yet women are still among the poorest, least educated, unhealthiest and poorly nourished population in the world. While they earn significantly less than men, women work 25 percent longer hours. The female literacy rate for the developing countries is three-fourths the male rate. Maternal mortality rates are unconscionably high: half a million women die in childbirth each year, 99% of them in developing countries.

A central goal of development assistance must be the empowerment of women through improvements in their economic, health, social, and legal status. We must broaden women's economic opportunities and support them in balancing their economic and familial responsibilities. We must address issues of women's health and nutrition throughout their lives, not merely during their reproductive years. We must support women's sustainable use of natural resources. We must equate women's rights with human rights.

To promote sustainable and equitable development, the International Center for Research on Women, and colleagues in the women in development and international development communities, urge President Clinton, the Administrator of the U.S. Agency for International Development, and the U.S. Congress, to support these goals and consider the following critical actions as priorities for development assistance and foreign aid legislation.

Develop the economic opportunities available to women not only in private enterprise but also in agriculture and all sectors of formal employment.

- Improve women's access to financial services, both credit and savings. This is critical for the large number of women who are self-employed.
- Expand support for basic education and vocational skills training, linked to market demand, in order to improve women's formal sector employment opportunities.
- Improve the returns to women in agriculture, where the majority of women in developing countries are employed, by such measures as improving their access to land, tenure rights, effective agricultural extension, and new agricultural technologies.
- Assess and ameliorate the impact on women, and their children, of structural adjustment, policy reform, and changes in trade regimes. Their precarious position in the economies of most developing countries makes women more vulnerable to the negative effects, and less able to capture the resulting benefits of market rationalization.

Close the gender gap in literacy and education.

Investment in girls' education yields high returns. Literacy and education are linked to improvements in women's employment, the adoption of innovations in agriculture, better health and nutrition in children, and lower fertility rates.

- Allocate greater funding to literacy programs and primary and secondary education where the returns to girls' education are high.¹
- Build more small schools, rather than fewer large schools, especially in rural areas. Provide greater scheduling flexibility so that girls, whose travel and time are more constrained than those of boys, have better access.
- Generate community involvement to raise the demand for girls' education and provide support to female teachers who are needed, in some countries, to educate girls in sex-segregated schools.
- Examine the role of fees in limiting girls' enrollment and provide scholarships to meet out-of-pocket costs for low-income girls.

Reduce morbidity and mortality among women and increase their reproductive choices by providing more accessible, integrated, and high quality health, nutrition and family planning services.

¹ The World Bank has estimated the cost of closing the gender gap in secondary school education at \$3.5 billion/year. U.S.AID should fund 10 percent of this cost.

- Improve women's health throughout their lives, rather than just in the reproductive years, by taking a life-cycle approach that addresses women's health and nutrition needs in their multiple roles as income earners, mothers, and nurturers.
- Integrate family planning services with health services for women. Wherever possible, integrate the provision of health and nutrition services for women with the provision of health and nutrition services for children. This will encourage women's use of health services despite their time and mobility constraints.
- Improve the quality of comprehensive reproductive health and family planning services by offering greater contraceptive choices, access to safe abortion, and improving the sensitivity of care givers. Expand services to the very poor, migrants, refugees, unmarried women, and adolescents.
- Promote joint biomedical and social science research on diseases and social practices that especially affect women such as sexually transmitted diseases (STDs), reproductive tract infections (RTIs), domestic violence, and unsafe abortions.²

Ensure that environment and development programs support both the long-term sustainability of the environment and women's diverse subsistence and economic needs from natural resources.

Women, and the families they support, depend heavily upon the environment for food, water, fuel, medicines, and other products necessary for their economic livelihoods. Improving women's access to and control over resources will contribute to truly sustainable environment and development efforts.

- Integrate women's roles, needs and perspectives into the design, implementation and monitoring of environment programs at all phases.
- Support more research on the gender aspects of natural resource use and management, including the contribution of women to maintaining biodiversity; sustainable agroforestry systems; and the economic and health impacts of environmental deterioration. Improve dissemination and application of what is known about the linkages between gender, environment, and development.
- Adopt indicators that fully and accurately assess the true social and economic benefits of natural resource use and costs of degradation. Current indicators focus on financial costs and benefits, and fail to appropriately value women's unpaid labor.

Ensure that emergency and development assistance programs take account of women's roles, needs, and human rights in situations of conflict, famine, disease epidemics, and rapidly changing economic and political systems.

² In order to obtain maximum and immediate impact in the area of collaborative biomedical and social science research U.S.AID should provide funding of \$3 million annually for the World Health Organization's Human Reproduction Programme.

- Famine relief efforts should make special provisions for ensuring that food reaches women and their children, who have difficulty gaining access to food in the aggressive and coercive environment created by limited supplies.
- Focus a greater proportion of AIDS-related assistance on reducing the risk of HIV infection for women, whose rates of infection are rapidly rising. Provide support to them in their role as primary care givers for household members with AIDS.
- In conflict situations, high priority must be given to the protection of women and children, who are particularly vulnerable to devastating physical and sexual abuse.
- Promote employment opportunities, and alternatives for child care and health care, for women who are being disproportionately affected as economies are restructured in the developing world, Central and Eastern Europe, and the CIS.

In each of these areas, assistance efforts should build upon the emergency strategies that women have developed for maintaining markets, establishing relief systems, and organizing support for conflict resolution.

What this Means for the U.S. Agency for International Development³

To carry out these critical actions, the U.S. Agency for International Development needs to strengthen its capacity to address gender issues and regain international leadership in this area. The Administrator of U.S.AID must fully support and carefully guide the Agency's women in development efforts, as well as enhance and create institutional mechanisms to more effectively mainstream gender issues within U.S.AID.

Institutional Strategies

- Upgrade the Office of Women in Development. Ensure that the Office is well staffed with a critical mass of direct hires who have credentials and technical expertise to carry out the mission, and improve the role, of the Office.
- Strengthen the position and status of the Women in Development Officer in USAID missions and allocate a discretionary budget for Officers' use in complementing mission sectoral women in development efforts.
- Ensure that all U.S.AID staff are reasonably conversant with and supportive of, women in development issues -- as with other overarching development issues. Develop staff incentives and career rewards for success in addressing women in development issues.
- To garner broad support and guidance for its women in development efforts, require that U.S.AID develop formal channels for regular dialogue with the women in development community regarding research, policy, and program priorities.

Programmatic Strategies

- Require that U.S.AID staff and contractors routinely generate and analyze gender-disaggregated data, develop indicators of the effect of projects on beneficiaries, and use these data and indicators to assess women in development impact and improve programming.

³ While these recommendations refer to the existing structure of U.S.AID, their substance should be applied as well under any organizational reform.

- Lengthen U.S.AID funding cycles and give priority to the development of long-term collaborative relationships with local organizations, including women's organizations. U.S.AID should strengthen the ability of the former to address women's issues; and strengthen the ability of the latter to address economic development issues.

The Role of Other Development Agencies

These priorities need to be pursued with equal vigor through organizations such as the multilateral development banks, the U.N. development agencies, the Inter-American Foundation, and the African Development Foundation.

- Call upon these organizations to reflect commitment to women in development issues in their mission statements; ensure that their staff are conversant with women in development issues; develop or strengthen technical expertise and institutional mechanisms; and allocate funds to ensure that women in development issues are effectively addressed in their programs.
- At the multilaterals, instruct the U.S. Executive Directors to review all proposed loans for attention to women in development issues, and review progress in attainment of women in development goals when replenishment of U.S. funding is under consideration.

The signatories of this document pledge to support enthusiastically the Administration's efforts to these ends.

Organizational Endorsements

The Alan Guttmacher Institute

American Association of University Women

American Public Health Association

Ananda Marga Universal Relief Team

Association for Women in Development

B'nai B'rith Women

Bureau of Applied Research in Anthropology, University of Arizona, Tucson

Catholics for A Free Choice

Center for Communication Programs, The Johns Hopkins School of Public Health

The Center for Population Options

Center for Women Policy Studies

Center for Women's Global Leadership, Rutgers University

Education Development Center

Equity Policy Center

Family Care International

International Center for Research on Women

Institute of Cultural Affairs

International Planned Parenthood Federation

International Women's Health Coalition

Jessie Smith Noyes Foundation

Office of Women in International Development, University of Illinois at Urbana-Champaign

Panos Institute

Population Action International

The Population Council

Program for Introduction and Adaptation of Contraceptive Technology (PIACT)

*The Centre for Development and
Population Activities*

*Collaborative for Development Action,
Inc.*

*Commission on the Advancement of
Women, InterAction*

Creative Associates International, Inc.

United States Council for INSTRAW

Weidemann Associates, Inc.

Wellstart International

Winrock International

*Women and International Development
Program, Michigan State University*

*Program for the Study of Sustainable
Change and Development, Tufts University*

Religious Coalition for Abortion Rights

Trickle Up Program

*Unitarian Universalist Association of
Congregations, Washington Office*

*Women's Environment and Development
Organization*

Women's Legal Defense Fund

World Learning, Inc.

Worldwatch Institute

Zero Population Growth

THE WOMEN'S EMPOWERMENT INITIATIVE FOR U.S. FOREIGN POLICY AND FOREIGN ASSISTANCE

We, the undersigned organizations and individuals, call upon President Clinton to make the economic and social empowerment of women worldwide a major focus of U.S. foreign policy and foreign assistance. In so doing, the United States will strengthen dramatically its efforts toward achieving our goals abroad in this decade and beyond.

The empowerment of women will require decisive action on three broad fronts. One, explicit recognition by the United States of women's universal human rights, including their rights to freedom from gender-based violence and to choice over childbearing. Two, integration of gender concerns into all facets of U.S. international economic policies and development assistance programs, including evaluation of the gender-specific consequences of existing trade, debt, and other macroeconomic policies. Three, support, through funding, official recognition, and inclusion in program and policy decisions, of women as actors, decisionmakers, and political constituencies.

These steps are also prerequisites to attaining that constellation of objectives we now call "sustainable development". The pivotal role played by women worldwide in the wellbeing of families, communities, societies--indeed, of the entire planet--is now clear. Women, therefore, will be critical allies as the United States endeavors in the coming decades to promote just, democratic societies, improve health, eradicate hunger and poverty, stem environmental degradation, and stabilize global population. Moreover, a policy focus on women would provide a fresh, positive vision for foreign aid programs, and would gain widespread support from U.S. women, and the broad community of environment, development, human rights and women's organizations. What follows are the actions needed in a "Women's Empowerment Initiative".

WOMEN, DEMOCRACY, AND HUMAN RIGHTS: In confirming its support for women's human rights throughout the world, the United States must immediately ratify the Convention on the Elimination of Discrimination Against Women and support an expansion of human rights to include the rights of women. Sustained support through foreign assistance for legal literacy and assistance programs that enable women to assert their rights, and for public education programs aimed at judicial and law enforcement agencies, as well as the general public is essential.

WOMEN, POVERTY, AND ECONOMIC DEVELOPMENT: A positive synergy exists between the economic empowerment of women and efforts to secure their human rights, improve their health, reduce poverty among individuals and families generally, promote economic development, and to improve equity. Among the most important actions needed to increase women's economic power and opportunities are to evaluate and change the current international economic policies--including trade, debt, and structural adjustment policies--that actually widen the gap between rich and poor and between men and women. At the same time, there must be a dramatic increase in U.S. development assistance aimed at meeting women's needs for information, training, credit, and technical education.

WOMEN AND EDUCATION: Education is a critical tool for empowering women to increase their autonomy, shape their personal relationships, and take on leadership roles in the development process. The education of women and girls also is an important component of good health and nutrition, and of lower fertility. But today, nearly half the world's female population remains without access to education, and the gender gap in literacy is increasing. More of our foreign assistance must be directed toward making formal and informal education more accessible to women and girls, as well as at efforts to eliminate the root causes of gender discrimination in education within families and societies.

WOMEN AND HEALTH THROUGHOUT THE LIFE-CYCLE: Poor health among women is a major impediment to improving health, supporting human rights, increasing prosperity, and achieving global population stabilization. But, despite increasing knowledge about the broad spectrum of health concerns faced by women and girls--ranging from poor reproductive health and inadequate nutrition to the adverse health consequences of declining environmental quality, aging, and occupational hazards--relatively little attention is paid, or funding allotted to, these issues. In the short run, sharply increased funding to address women's health concerns is needed; over the longer term, better health can be achieved by fostering the economic independence of women worldwide.

WOMEN, ENVIRONMENT AND AGRICULTURE: Women produce three-fourths of all food domestically consumed in Africa, and roughly half all food in other regions. They are primarily responsible for collecting wood and water for domestic use;

rely heavily on forest products to generate cash income; and possess tremendous knowledge about biological systems. Yet women in the South typically lack legal and cultural access to land, labor, credit and technologies, constraints made worse by the widespread privatization and commercialization of agricultural and forest land in virtually every country. Achieving gender equity in access to resources will rest in part on some of the legal and economic steps outlined above. Ultimately, however, both equity and environmental integrity can only be served by a wholesale reevaluation of the unsustainable patterns of consumption and production we now misguidedly refer to as "economic development".

From Words to Action

The following steps are needed to realize these recommendations, including:

- o Explicit recognition of gender equity as a foreign policy goal of the United States;
- o A gender-based analysis of both foreign policy and foreign assistance. The Government Accounting Office is currently engaged in an analysis of the gender disparities in development assistance through USAID (to be released in summer 1993). A similar analysis is needed within the State Department, covering the full range of economic and social policies;
- o Establishment within the State Department's Office of the Undersecretary for Global Affairs of a staff person with portfolio for addressing gender issues within human rights, environment, economic, population, and refugee issues. This person should also report regularly on gender issues to the National Security Council;
- o Establishment within each functional bureau of the US AID, or its successor, of a staff person whose job it is to ensure the incorporation of gender analysis into each level of decisionmaking;
- o Establishment of a Commission or other body, composed of both governmental and non-governmental representatives, who will develop accountability mechanisms to ensure that gender disparities in foreign policy and development assistance are consistently addressed.

SUBCOMMITTEE RECESS

Senator FEINSTEIN. Thank you very much, Ms. Buvinic. I think that is a good note to end this session with. I like the idea of targeting women in foreign aid.

And let me thank the panel for their excellent testimony. We really appreciate your being here this morning, and, ladies and gentlemen, this hearing will recess until 3 p.m., to hear the remaining witnesses.

[Whereupon, at 12:05 p.m., Tuesday, June 5, the subcommittee was recessed to reconvene at 3 p.m., this same day.]

(AFTERNOON SESSION, 3 P.M., TUESDAY, JUNE 15, 1993)

The subcommittee reconvened at 3:24 p.m., Hon. Patrick J. Leahy (chairman) presiding.

NONDEPARTMENTAL WITNESSES

STATEMENT OF SAO YING SITA, EXECUTIVE DIRECTOR, BURMA-AMERICAN FUND

Senator LEAHY. Good afternoon.

I apologize for the changes we made to the schedule. They were needed to accommodate both a rollcall vote and a White House meeting. I appreciate that we have in panel six—and you are going to help me on this—Sao Ying Sita of the Burma-American Fund; Jeff Drumtra, U.S. Committee for Refugees; Ralston Deffenbaugh for the Lutheran Immigration and Refugee Service; and Shepard Lowman from the U.S. Catholic Conference.

Ma'am, go ahead.

Ms. SITA. Senator Leahy, the Burma-American Fund is proud to report to you, your expert staff and to Congress on the success of your assistance over the past 3 years to displaced young people in Burma who are shaping themselves into an effective democratic leadership, despite hardship in malarial jungle and constant savage attack by the military dictatorship seeking to eliminate these young prodemocracy leaders.

The young people who in 1988 fled from massacre by the Burma Army are today successfully implementing self-help programs such as hospitals in Burmese jungles, revenue-generating enterprises along the Burma-Thailand border, free schooling in the jungle, publishing Burmese and English newsletters for free distribution, programming and broadcasting on shortwave radio from Norway to Burma, financed by Norway's assistance program to elected representatives who won more than 80 percent of the vote in May 1990, but were not allowed to take power by Burma's military dictatorship.

For 1993, we urgently implore the immediate implementation of your legislation for \$1 million in assistance to displaced Burmese in Burma and in Thailand. The money will enable the displaced in Burma to resettle in their own country, which is the desperate desire of the displaced, as well as policies by the UNHCR. Thailand, understandably, does not wish to be overwhelmed by refugees. Burma's increasing destitution is caused by the Burma Army, which routinely displaces villages wherever it moves.

The Army burns villages in order to conscript villages as slave labor and to force women, young and old, to provide sexual service to Burmese soldiers. For 1993, the Burma-American Fund submitted in February a comprehensive proposal to USAID and the State Department Bureau of Refugee Programs for continued funding to enable the displaced engineers, veterinarians, technicians, mechan-

ics, writers, artists, teachers, and doctors to help the more than 100,000 displaced people on both sides of the Burma-Thailand border.

For the past 3 years, relief agencies funded by the State Department Bureau of Refugee Programs have distributed supplies in Burma, and monitored this assistance without a problem. The displaced young people cannot at present, return to their homes, but they wield an immense influence on Burma's 14 million inhabitants, since one-half the population, who are in their twenties and younger, look to the displaced youths as role models in the ongoing endeavor to bring about peaceful democratic change.

For 1994, these young people ask for your continued strong support, with \$1 million for projects on both sides of the Burma-Thailand border, including self-help programs run by the young people, such as their technology and skill training centers, medical centers, farm and livestock programs, revenue-generating enterprises, medical communications network—all administered by the displaced in jungle on both sides of the border.

Also, for 1994, relief volunteers urge assistance of \$350,000 for displaced villages and students living along the India-, China-, and Bangladesh-Burma border. We also strongly urge the implementation of the Burma-American Fund proposal submitted to USAID in February for the Border Region AIDS Prevention Program to train educators and community leaders on AIDS prevention.

PREPARED STATEMENT

Because of AIDS in Burma and Thailand, several million people in the border region are gravely at risk. They lack access to condoms and basic lifesaving information about AIDS. A supply of disposable needles to medical personnel serving the border population in Burma would immediately save lives.

Thank you very much.

Senator LEAHY. Thank you.

[The statement follows:]

STATEMENT OF SAO YING SITA

Senator Leahy,

The Burma American Fund is proud to report to you, your expert staff, to Congress and the people of America on the success of your assistance over the past three years to displaced young people in Burma who are shaping themselves into an effective, democratic leadership, despite daily hardship in malarial jungle, and the constant savage attack by the military dictatorship which seeks to eliminate these young pro-democracy leaders.

These young people who, in 1988 fled from massacre by the Burma Army with nothing but just the clothes they were wearing, are today successfully implementing self-help programs, such as:

- *hospitals and clinics in Burmese jungle to help the displaced and rural population

- *free schooling to youngsters in the jungle

- *publishing Burmese and English newsletters and audio cassettes for free distribution in Burma and worldwide

- *programming and broadcasting on shortwave radio from Oslo, Norway to Burma (financed by the Norway Government's assistance program to the government formed by elected representatives who won more than eighty percent of the vote in May 1990 but were not allowed to take power by the military dictatorship)

- *revenue-generating enterprises with the help of the Tokyo Junior Chamber, the Burma Japan Fund (an all-volunteer non-governmental organization in Tokyo) and other donors; the Burma American Fund (an all-volunteer NGO in the US, of which I am executive director) introduced the concept of revolving credit to the displaced youths, who aim to use their revenue to help displaced families earn income

For 1993 we urgently urge the implementation of your legislation for a million dollars in assistance to displaced Burmese in Burma and in Thailand. The money will continue to enable the displaced in Burma resettle in their own country, which is the desperate desire of the displaced, as well as policy by international agencies such as the UNHCR. The Burmese do not want to end up in refugee camps in Thailand. And Thailand understandably does not want to be overwhelmed by refugees.

Burma's increasing destitution is caused by the Burma Army which routinely displaces villages wherever it moves. The Army burns villages in order to conscript villagers as slave labor to haul loads and to force village women, young and old, to provide sexual service to Burmese soldiers on the march.

For 1993 the Burma American Fund submitted in February a comprehensive proposal to USAID and the State Department's Bureau of Refugee Programs for continuing programs to enable the engineers, veterinarians, technicians, computer specialists, mechanics, writers, artists, teachers and doctors among the displaced help the more than one hundred thousand displaced people on both sides of the Burma-Thailand border.

For the past three years, relief agencies funded by the State Department Bureau of Refugee Programs have distributed supplies on both sides of the border and monitored this assistance without a problem.

The people living on both sides of the border are ethnic Karen, ethnic Mon and ethnic Karenni who historically regard themselves as one community. Daily trade flourishes as it has done for centuries, and with it, cross border activities by both Burmese and Thai officials, overseas journalists, tourists, medical personnel and the World Health Organization, which has its researcher (an Australian) studying malaria patients at the hospital established and operated by displaced Burmese doctors and students to serve the displaced and local villagers in Paw Pa Hta, Karen State, Burma. This hospital in Burma is just across the bamboo foot bridge over the Thauung Yin River from Thailand.

The displaced young people cannot at present return to their homes, but they wield an immense influence on Burma's 40 million inhabitants, since half the population, who are in their 20s and younger, look to the displaced youths as role models in the ongoing endeavor across the country to bring about peaceful democratic change.

It is only a matter of time before Burma - isolated, backward and increasingly destitute - succumbs to political and economic change, with the passing of the aging military oligarchs, who were so decisively rejected at the ballot box after 30 years of absolute power.

The young people at the border are determined to master the skills and technology of the coming century, and are creating a new civilization in the jungle, which in time will extend naturally into the rest of their country.

For 1994, these young people ask for your continued strong support with a million dollars for projects on both sides of the Burma-Thailand border, including funding of self-help programs run by displaced young people, such as their technology-and-skill-training centers, medical centers, farm and livestock programs, revenue-generating enterprises, medical communications network - all administered by the displaced in jungle on both sides of the border.

Also for 1994, relief volunteers urge assistance of three hundred and fifty thousand dollars for displaced villagers and students living along the India, China, and Bangladesh-Burma border, specifically, funding for medical facilities established by displaced medics in the jungle, for free schools organized by the displaced, and humanitarian assistance in terms of medicine, food and mosquito nets for the following displaced:

10,800 along the China border: 10,000 Kachin villagers and 800 Burmese students, who receive no assistance, who can be helped by local volunteers traveling from Bangkok to Kun-ming, China.

2,200 along the India border: 2,000 tribal villagers and 200 students

200 along the Bangladesh border: 200 Buddhist monks and young people who receive no assistance; as Buddhists they live in the jungle away from the two hundred and seventy thousand Burmese Muslim refugees in camps assisted by the UNHCR; the Burmese Muslims are bitter toward Buddhists (because their oppressor, the military are Buddhist)

For 1993, we strongly urge the implementation of the Burma American Fund proposal submitted to USAID in February for the Border Region AIDS Prevention Education Program managed by a volunteer in northern Thailand, to train educators and community leaders on AIDS prevention. In addition to the rapid spread of AIDS in Thailand, WHO and other international health organizations fear the rapid spread of AIDS in Burma where ordinary people are infected during routine medical injections at overcrowded hospitals because needles are a monopoly of the dictatorship and consequently are in scarce supply. One needle services many sick patients.

Because of AIDS in Burma and Thailand, several million people in the border region are gravely at risk. They lack access to condoms and basic life-saving information about AIDS.

Recently, a young newly-wed ethnic Karen couple in the border region in Thailand was diagnosed as HIV positive by a Thai hospital. The husband, who is a Christian pastor, denied intimate relations with any other women, apart from his wife. She did not believe him; she was bitter. They were not told that AIDS can also be transmitted through needles and blood. This needless human tragedy typifies the sad situation in the border regions where the innocent population faces the threat of devastation, due to the spread of AIDS in Thailand, Burma and Burma's border with China.

A supply of disposable needles to medical personnel serving the population on both sides of the Thailand-Burma border would immediately save lives.

Thank you very much.

Testimony by Sao Ying Sita
Executive Director
The Burma American Fund
June 15, 1993

CONCEPT PAPER: THE BURMA DISPLACED PROJECT 1993

This proposal for the Burma Displaced Project 1993 is unlike any other relief and development program in that it seeks to strengthen the already existing infrastructure among the displaced community along the Thailand border with Burma, by working closely with the volunteers among the displaced -- the medical personnel, engineers, economists, teachers, artists, writers, veterinarians, revenue-generating co-ordinators, supply officers, accountants and auditors -- in the administration, distribution, expenditure and accounting requirements of this 1993 program.

The program is one originally proposed by the displaced, for the displaced, and administered jointly by the displaced and the volunteers of the Burma American Fund (BAF).

The self-help programs established by Burma's displaced young people have been administered and managed by them since 1989, a year after they escaped massacre by Burma's military dictatorship, which cracked down on the pro-democracy protests by millions of citizens in August and September 1988.

The young people who fled to the jungle border regions organized themselves into an effective, democratically-governed body (the All Burma Students Democratic Front or ABSDF), which continues to responsibly report on its expenditures and receipts to several relief agencies funded by the US, by churches and by private donors worldwide, including \$74,000 in 1992 from the BAF, \$36,000 in rice supply from the Burma Co-ordinating Group, \$10,000 for medicine from Medicine San Frontieres/Doctors Without Borders, \$30,000 in hospitalization paid by the International Rescue Committee, \$35,000 for medicine, roofing repair and sanitation improvement from the Sasakawa Foundation, \$28,000 for medical supplies from the Government of Norway, and \$30,000 from private donors worldwide, making a total of \$243,000 in funding in 1992.

For the past three years the supply and accounting officers, the camp committees, and medical centers managed by Burma's displaced young people have provided comprehensive and accurate reporting on disbursements of around \$200,000 yearly.

For 1993 also the supply and accounting officers, the camp committees and various departments of the student body, including the medical centers founded by displaced young doctors (Mae Sot Health Clinic and Dah-Gwin in Thailand), will continue to report to the BAF volunteer in Thailand, who will send all statements to the BAF volunteer office in the US for timely and full reports every quarter to Congress, the State Department and USAID on the expenditure of \$475,000 proposed for the Burma Displaced Project (BDP) 1993.

BACKGROUND

In September 1988 when several thousand young students fled to malarial jungle, they barely escaped with their lives and with just the clothes on their back. They died in scores from malaria, and many hundreds were forcibly repatriated to Rangoon where they disappeared.

The remaining survivors, however, were helped by Congress and worldwide donations. The medical doctors among them established several medical centers, including Mae Sot Health Clinic, to train their fellow refugees to become medics and health care workers, in order to care for more than 100,000 displaced people on both sides of the Thailand-Burma border.

The economists, engineers, teachers, writers and technicians among the displaced youths successfully implemented self-help programs such as:

- free classrooms in the jungle, providing education in border villages too poor to pay a regular teacher

- Burmese and English language newsletters and audio-cassettes for free distribution in Burma and worldwide

- programming and broadcast on shortwave radio from Oslo to Burma (financed by the Government of Norway's assistance program to the National Coalition Government of the Union of Burma in exile)

revenue-generating enterprises along the Thailand border with donations from the Tokyo Junior Chamber, the Burma Japan Fund (BJF) and other donors; the BAF introduced the concept of revolving credit to the young people, who aim to use their revenue to help displaced families set up income earning projects

The BAF is an all-volunteer, tax-exempt, non-profit organization, registered as a charity in New York State, with an effective record of organizing development and humanitarian assistance managed by the displaced themselves, including schools, medical and health-care training, agriculture and livestock breeding programs, and income-generating projects, such as furniture-making and engine repair shops and retail stores.

The volunteers of the BAF accept no compensation, preferring to deliver assistance almost dollar for dollar to the intended recipients, thereby achieving more bang for the buck. Its Board of Directors and International Board of Advisers include:

Sir Yehudi Menuhin, the world reknown violinist and conductor

Dr. Ezra Solomon, member of President Nixon's Council of Economic Advisers and the Dean Witter Professor of Finance, Emeritus, at Stanford

Sir Fred Warner, former British Ambassador to Japan and the United Nations

Senator Chris Schacht, Labour Senator for South Australia

Ambassador Ba Thaung, former Permanent Representative of Burma to the UN

Dr. Myo Thant, hematologist/oncologist who is cousin to Nobel Laureate Aung San Suu Kyi, Burma's democratic leader who, since 1989, has been held in detention by Burma's military dictatorship

H. Harrison, Conover, BAF President, banker, former CEO, Lloyds International

Sao Ying Sita, BAF executive director, daughter of the first President of independent, democratic Burma, Prince (Sao) Shwe Thaika; Ying is a journalist for Time Warner Incorporated in New York

OBJECTIVES OF THE BURMA DISPLACED PROJECT (BDP) 1993

The BDP 1993 consists of programs administered and taught by the displaced -- doctors, veterinarians, engineers, technicians, teachers, writers and other specialists-- and will benefit more than 100,000 displaced people along the Thailand border.

The displaced cannot at present return to their homes in Burma, but the young people wield an immense influence on the rest of the 40 million inhabitants, especially since half of the population who are in their 20s (and younger) look to the displaced students as role models in the ongoing endeavor across the country to bring about peaceful democratic change.

The BAF believes it is only a matter of time before Burma, isolated, backward, and destitute, succumbs to economic and political change, with the passing of the aging military oligarchs, who were so decisively rejected at the ballot box in May 1990 by more than 80% of the electorate.

The young people at the border are determined to master the skills and technology of the coming century, and are creating a new civilization in the jungle, which in time will extend naturally into the rest of their country.

The BAF is proud and pleased to report to Congress and the people of America on the success of Congressional assistance over the past three years to the displaced young people of Burma who, despite daily hardship in malarial jungle, deprivation and a basic diet of rice with maggots fishpaste, are shaping themselves effectively into a pivotal leadership role for the foreseeable future.

THE BDP 1993 PROGRAMS

SKILL-RELATED TRAINING by displaced specialists in their fields:
 medical, health-care, lab work
 metal work, wood work, electronics servicing & repair
 sewing, handknitting, weaving
 auditing, accounting, management, community organizing

IMPROVED, LOW-COST TECHNOLOGY for construction by the displaced of:
 latrines, sewage disposal systems
 pumps for irrigation & community water supply systems
 portable stoves, handlooms
 bridges, fences
 solar cookers
 simple solar, hydro and wind power systems

HANDS-ON INSTRUCTION by the displaced in
 improved malaria reduction and control (including low-cost manufacture
 and education in the nightly use of
 a mosquito-and-pest repellent)
 automotive repair and maintenance
 livestock breeding, fish-farming
 establishing cottage industries

COMPUTER TRAINING by the displaced to facilitate their continued management of:

- *medical centers
- *medics and health-care training of displaced young ethnic and Burmese
- *revenue-generating business enterprises
- *translation of health manuals, economic and democratic literature

VOLUNTEERS IN TECHNICAL ASSISTANCE (VITA), a non-profit US organization to provide training and installation of (two) packet radio stations at two medical centers in Thailand (Mae Sot Health Clinic and several hundred miles north of it, at Dah-Gwin Hospital in Thai jungle), for the exchange of technical and medical information between medical centers, founded by displaced doctors, which are serving the displaced population

MEDICAL SUPPORT PROGRAMS for medical and health-care training programs established and operated by displaced medical personnel, serving more than 100,000 along the Thai border, including a rehabilitation center for the disabled, medical facilities in the jungle on both sides of the border, and mobile health teams consisting of displaced ethnic and Burmese young people trained as medics and health-care workers by displaced doctors

EDUCATION SUPPORT PROGRAMS for English-language instruction, and three schools for orphans and indigenous youngsters, taught and managed by displaced ethnic and Burmese teachers

HUMANITARIAN ASSISTANCE in providing emergency food supplies (cooking oil, fishpaste, lentils, underwear and basic clothing), emergency repair of thatch huts (community centers and living quarters) in monsoon season, and subsistence vegetable farming, livestock and egg production, which prevents malnutrition by supplementing the basic diet of rice and fishpaste

REVENUE-GENERATION PROGRAMS:
 breeding of turkey, chicken, duck, pig, goat and cattle, and egg production
 expansion of income-producing retail goods store and engine repair workshop

Detailed funding requirement per project attached

CONCEPT PAPER: Border Region AIDS Prevention Education Program

The Burma American Fund (BAF) is an all-volunteer, non-profit organization, registered in New York State, with an effective record in humanitarian, medical, educational and self-help programs among displaced people along the Thailand border.

BACKGROUND

International health organizations, including the World Health Organization, fear the growing spread of AIDS in Burma, where half of the

40 million population could become HIV positive in a few years, due to the lack of needles in routine medical injections by doctors at hospitals and clinics.

The people who live along the border are particularly at risk, since medical injection needles are prohibitively expensive, and not easily available; the ones available are used many times over on hundreds of patients crowding the few medical facilities.

Also, the people along the border lack access to condoms and basic life-saving information about AIDS.

Recently, a young newly-wed ethnic Karen couple in the border region in Thailand was diagnosed as HIV positive by a hospital in Chiangmai in northern Thailand. The husband, who is a Christian pastor, denied intimate relations with any other women, apart from his wife. She did not believe him; she was bitter. They were not told that the virus can also be transmitted through contaminated needles and blood. This needless human tragedy typifies the sad situation in the border areas, where the innocent population faces the growing threat of devastation, due to the rapid spread of AIDS in Thailand, in Burma, and along Burma's border with China.

OBJECTIVE

The BAF intends to provide education, training, distribute free condoms as well as basic information, using audio-visual tools. The BAF's Border Region AIDS Program Co-ordinator, Paul Aung Li (an ethnic Kachin from Kachin State in northern Burma which borders China), has already received intensive training from Thai and international NGOs based in Bangkok, and he is able to train others.

The BAF plans to provide a supply of disposable needles to Mae Sot Health Clinic in Thailand, founded and directed by displaced doctor Dr. Cynthia Maung, an ethnic Karen who is a graduate of medical college in Rangoon. The Clinic is in charge of rural health units, providing midwife and emergency medical assistance to families in villages too poor and too far away from hospitals in Thailand. Medical use of disposable needles by medical personnel along the border will save countless lives immediately.

Total funding for the Border Region AIDS Program: \$55,250
detailed funding attached.

The Burma Displaced Project (BDP) 1973

SUMMARY SHEET with LOCATION and COST

SKILL-RELATED TRAINING by displaced specialists and teachers
LOCATION: in Thailand
Cost \$50,352 total

IMPLEMENTATION OF LOW-COST TECHNOLOGY by the displaced
LOCATION: in Thailand
Cost: \$25,100 total

HEALTH CARE PROGRAMS by the displaced:
Total Costs: \$13,000 total

Malaria control & reduction
LOCATION: in Thailand
Cost: \$7,000 total

Improved sanitation/latrines total cost \$4,000
LOCATION: in Thailand 60 latrines
Cost: \$2,400
LOCATION: along the Thai border 40 latrines
Cost: \$1,600

TRANSLATION PROGRAM by the displaced
LOCATION: in Thailand
Cost: \$3,000 total

COTTAGE INDUSTRY TRAINING by local teachers

LOCATION: in Thailand

Cost: \$12,420 total

REHABILITATION AND THERAPY OF THE DISABLED by displaced
instructors/therapists, with provision for income-earning by the disabled

LOCATION: in Thailand

Cost: \$20,300 total

MEDICAL SUPPORT PROGRAM for displaced doctors serving the displaced

Total Cost: \$86,740

LOCATION: in Thailand

Cost: \$29,880

LOCATION: along the Thai border

Cost: \$56,860

EDUCATION SUPPORT PROGRAM for displaced ethnic and Burmese teachers
instructing the displaced

Total Cost: \$31,800

LOCATION: in Thailand

Cost: \$20,800

LOCATION: along the Thai border

Cost: \$11,000

HUMANITARIAN ASSISTANCE

Total Cost: \$45,800

Emergency food supply and clothing for orphans and noncombatants

LOCATION: along the Thai border

Cost: \$23,800

Emergency repair of thatching in monsoon season (roof and walls of
schools, community centers and living quarters)

LOCATION: along the Thai border

Cost: \$8,000

Subsistence livestock and vegetable farming, to augment meager diet of
rice and fishpaste

LOCATION: along the Thai border

Cost: \$12,000 livestock & feed

2,000 vegetable farming, including water pipes

\$14,000

REVENUE-GENERATING PROGRAM

LOCATION: in Thailand

Total Cost: \$18,700

Cost of above programs \$304,212

Subcontract:

computer hardware provided by

VITA (Volunteers in

Technical Assistance) 105,000

409,212

BAF volunteers'

administration

expenses 66,388 (13.9%)

BDP 1993 \$475,000 TOTAL

Border Region AIDS Prevention Education Program

The AIDS Education Program
support for AIDS Program volunteer

office rent \$8,300

utilities(water/gas) 500

communications \$4,000

(tel/fax/postage)

copy machine	3,200
toner/paper/supplies	1,000

	17,000
transportation & accommodation: bringing trainees to Bangkok for free training by NGOs	4,000
translation/printing of literature	2,000
audio-visual tools	3,450
condom supply	3,000
blood tests for 100 ill persons (\$34 per test)	3,400

	\$30,850

The AIDS Prevention Program
cost of disposable syringe and needle: Baht 5

30 medical injections per day given by one rural health unit
 x 30 days
 = 900 needles per month
 x 12 months
 = 10,800 sets (disposable syringe & needle) per year
 x 5 baht
 = 54,000 baht divided by 25 (baht:US\$ exchange rate)
 = \$2,160 per year per health unit

cost of safe disposal of used needle by destruction by high heat in a
 covered bowl (made of graphite), placed in a traditional coal-oven, made
 from empty tin drum, insulated with clay:
 \$280 per year

summary: \$2,160 cost of disposable syringe & needle supply per year
 280 cost of safe disposal of used needle

 \$2,440 per year per health unit
 x 10 rural health units

 \$24,400 per year

Costs: \$30,850 education, training, condom supply

24,400 supply of disposable needles

 \$55,250 Total AIDS Prevention Education Program

Senator LEAHY. Ms. Sita, I am moved by the situation you discuss, as I was last year. And, certainly, this committee intends to help. I really do. I think the request you make is a very valid one, a very good one. I cannot predict what will come in the final bill, of course. It will have to go to a number of other Senators, but I intend to do whatever I can to help.

I think you are going to be pleased with the result.

Ms. SITA. Thank you very much.

STATEMENT OF JEFF DRUMTRA, POLICY ANALYST, U.S. COMMITTEE FOR REFUGEES

Senator LEAHY. Mr. Drumtra. Have I pronounced your name correctly, sir?

Mr. DRUMTRA. Yes, you have. Thank you.

Mr. Chairman, I am here on behalf of the U.S. Committee for Refugees to testify on program budgets affecting refugees—specifically, the migration and refugee assistance budget, which includes overseas refugee assistance, and the emergency refugee migration and assistance fund, known as ERMA.

In the 4 minutes available to me this afternoon, I would like to highlight three facts and make three recommendations for your consideration.

Fact No. 1: The number of refugees worldwide continues to increase. There are now 17.5 million refugees, about 900,000 more than 1 year ago. Another 24 million persons are internally displaced because of instability in their countries. In total, at least 41.5 million people are uprooted from their homes worldwide.

These refugees and internally displaced people would receive some assistance from ERMA and the MRA overseas assistance budget.

Fact No. 2: Although the total number of refugees is climbing worldwide, a large number of refugees are repatriating home. Some 2.4 million refugees returned home last year, about 5.1 million over the past 2 years. This is good news. It means that specific refugee emergencies can and do resolve themselves over time.

Fact No. 3: The repatriation of refugees is an event we all wish to see, but repatriation is expensive and it depends on international funding. And it is important for Congress to understand that repatriation of refugees in the first year or two is twice as expensive as warehousing people in crowded refugee camps.

Repatriation requires transportation home, agricultural tools, food assistance until the first harvest, and additional staffing in the field for a temporary time. Repatriation also requires substantial amounts of money to locate and remove millions of dangerous landmines that combatants have left behind in areas to which refugees are returning.

These are the reasons why repatriation programs are expensive. It is money well spent. It is an investment in permanent peace.

These three facts lead me to three recommendations for your consideration, Mr. Chairman.

First, the overseas account within the MRA budget should receive at a minimum an appropriation of \$368 million for fiscal year 1994. Even this would be about \$70 million less than the amount really needed in the field. An appropriation of \$368 million is doable within the authorization limits.

The second recommendation is the Emergency Refugee Fund, ERMA, requires at a minimum an appropriation of \$49.2 million as the President requested. ERMA provides funds for unpredicted refugee emergencies. In truth, ERMA needs \$100 million to address the world's emergency refugee situations. But an appropriation of \$49 million will at least give the State Department the flexibility it needs to respond quickly and save lives.

My third recommendation also pertains to ERMA. I urge this subcommittee to reject the ERMA funding cut approved 2 weeks ago by the House appropriations subcommittee. The House subcommittee, in effect, added \$25 million to the President's request for refugee's in Israel by cutting \$30 million from the current budget of ERMA. A cut in ERMA, particularly in these circumstances,

runs contrary to the needs in the field and does not match the priority we should follow in our refugee programs.

PREPARED STATEMENT

In your deliberations on refugee programs, I urge this subcommittee to give higher funding priority to ERMA and to overseas refugee assistance than to other refugee line items, such as refugee admissions to the United States or refugee resettlement in Israel.

Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF JEFF DRUMTRA

I. INTRODUCTION

Mr. Chairman, on behalf of the U.S. Committee for Refugees, thank you for the opportunity to testify on the subject of worldwide refugee assistance, specifically the FY 94 Migration and Refugee Assistance account (MRA), and the Emergency Refugee and Migration Assistance fund (ERMA).

The U.S. Committee for Refugees (USCR) is a nongovernmental, nonprofit organization that monitors and assesses refugee situations worldwide. We have been on site to document refugee emergencies in more than 30 countries over the past 18 months. In the first five months of 1993, our staff has made eyewitness assessments in the African countries of Somalia, Sudan, Mozambique, Eritrea, Ethiopia, South Africa, Zimbabwe, Rwanda, and Burundi. In Asia and South America, USCR staff has completed on-site monitoring missions since January to Cambodia, Thailand, the Burma border, Hong Kong, and Peru. In the former Yugoslavia, USCR has made repeated visits to Bosnia, Serbia, and Croatia this year.

Mr. Chairman, my testimony will begin with a summary of key facts and recommendations for your consideration during your deliberations on the MRA and ERMA budgets for FY 94. Secondly, I will review the Administration's FY 94 budget request for these accounts, and I will summarize the legislative steps taken in the U.S. House to this date. Thirdly, I will review refugee situations and budgetary needs worldwide. We are seeing an encouraging trend toward refugee repatriation in some parts of the world, but this desirable and durable solution to refugee emergencies does cost extra money in the short-term if we want to help avoid new cycles of instability and refugee flight in the future. Fourthly, I will review the funding needs of ERMA and explain why ERMA must remain financially strong to assist in unexpected refugee crises.

II. SUMMARY

Large numbers of refugees around the world are returning home, but even greater numbers of persons are fleeing their homes and are becoming refugees in need of international assistance. Despite the repatriation of 2.4 million refugees last year, and 5 million repatriations over the past two years, there are 17.5 million refugees in the world today--compared to 16.6 million a year ago. In addition, at least 24 million persons are internally displaced--an increase of 1 million during the past year--bringing the total number of worldwide refugees and internally displaced to some 41.5 million persons. The eruption of at least nine new conflicts in the past two years has contributed to this massive displacement of the world's population.

Refugee assistance agencies have issued larger funding appeals that reflect the growing international need. The United Nations High Commissioner for Refugees (UNHCR) has increased its program by \$105 million during the past two years, to \$967 million. The International Federation of the Red Cross has nearly tripled its refugee assistance budget to \$53.3 million in the past year. The International Committee of the Red Cross (ICRC), which provides refugee assistance and other humanitarian relief, warns that its funding requirements in 1994 will be nearly 20 percent larger than last year.

These mounting needs in the field call for a massive increase in U.S. overseas assistance to refugees. If the U.S. is to do its full share to address the needs of refugees overseas in FY 94, this Subcommittee should appropriate **\$440 million** for overseas refugee assistance within MRA, and **\$100 million** for ERMA. Appropriations at these levels would bring the U.S. contribution to \$25 per refugee as measured by the overseas assistance account of MRA—a level that we at USCR have long recommended as appropriate, and equal to U.S. funding levels in the mid-1980s, after inflation. Funding ERMA at \$100 million would give the U.S. the flexibility required to respond quickly in life-saving fashion to unforeseen refugee emergencies during the year.

Frankly, we recognize that appropriations at this level are unlikely in FY 94 due to the federal government's budgetary climate. Therefore, we at the U.S. Committee for Refugees urge you to fund overseas assistance at a minimum of **\$368 million** (\$15 million over the Administration's request) and maintain ERMA funding at the **\$49.2 million** level proposed by the Administration.

Mr. Chairman, this Subcommittee must pay special attention to ERMA. The ERMA funding level of \$19.2 million contained in the appropriations bill reported by the House Subcommittee on Foreign Operations last month would amount to a \$30 million cut. It would deprive millions of current and future refugees of the emergency response so vital in the early stages of a life-and-death crisis. At a time when refugee admissions to Israel have declined substantially (from 170,000 admissions to Israel in 1991 down to less than half that number this year) and refugee needs in other parts of the world have risen dramatically, we urge that Congress not increase the President's budget for refugees resettling in Israel by—in effect—cutting overseas assistance to refugees in other parts of the world.

In summary, Mr. Chairman, we at the U.S. Committee for Refugees strongly recommend that your Subcommittee's deliberations on refugee programs should give a **higher funding priority to overseas refugee assistance and to ERMA** than to other MRA program accounts such as admissions to the U.S. or resettlement of refugees in Israel. The reason is simple and direct: the overseas assistance and ERMA funds save lives in a fractured world order.

III. REVIEW OF ADMINISTRATION'S BUDGET REQUEST & HOUSE SUBCOMMITTEE BILL H.R. 2295

(millions \$)

	FY93 Estimate	FY94 Administration	FY94 House Subcommittee
MRA	\$ 620.7	640.6	670.0
Overseas Assistance	320.0	353.4	no earmark
Admissions	209.1	220.8	no earmark
Refugees/Israel	80.0	55.0	80.0
Administrative	11.5	11.5	11.5
ERMA	\$ 49.2	49.2	19.0

The Administration has requested a \$33.4 million increase in overseas assistance for FY 94, with two-thirds of the increase targeted for refugees in Africa. Most of the remaining increase for overseas assistance would go to refugees in South Asia (Afghanistan, Pakistan, Iran, Sri Lanka, etc.). Assistance to refugees in Europe, the Western Hemisphere, and the Near East/North Africa would increase only slightly in the Administration's plan. Assistance to refugees in East Asia (Vietnam, Burma, Thailand, etc.) would decline by \$7.3 million, according to the Administration's budget request.

The Administration has budgeted an increase of \$10.7 million for admissions, and zero increase in administrative expenses for the State Department's Bureau for Refugee Programs.

The Administration's budget plan would partly compensate for the \$33.4 million increase in overseas assistance and the \$10.7 million increase in admissions by reducing funding by \$25 million for refugees resettling in Israel. The Administration argues in its budget presentation that the reduction "is based on the reduced flow of refugees to Israel."

The House Appropriations Subcommittee on Foreign Operations completed its mark-up on May 26 and has reported its appropriations bill, H.R. 2295, to the full House Appropriations Committee. The House Subcommittee bill recommends a \$29.4 million increase in MRA over the Administration's budget plan. The House Subcommittee's bill does not, however, specify an MRA funding earmark for overseas refugee assistance or resettlement admissions to the U.S. The House Subcommittee measure earmarks zero increase for administrative costs, a \$25 million increase (over the Administration's budget request) for refugees to Israel, and a \$30 million cut in ERMA.

The House Subcommittee's report urges—but does not require—\$2 million in assistance for Tibetan refugees; more U.S. attention to the protection needs of Hmong refugees in Thailand; U.S. support for programs that train refugee workers to deal effectively with the needs of refugee women; better protection and services for unaccompanied refugee children; strong U.S. assistance to refugee agencies operating in the former Yugoslavia; and other recommendations.

IV. REFUGEE SITUATIONS WORLDWIDE

The worldwide demands on refugee assistance programs and ERMA have never been greater. The number of refugees worldwide is now 17.5 million, nearly a million more than a year ago. The increase continues a trend apparent in the past 10 years: there were 7.8 million refugees 10 years ago, and 14.4 million five years ago.

In addition, the number of internally displaced persons worldwide has grown by a million during the past year, to at least 24 million. There are, in total, some 41.5 million uprooted persons in the world today, counting refugees and internally displaced. The end of the Cold War has, it appears, spawned more conflicts and displacement than it has resolved.

New Conflicts Account for 5 Million New Refugees and Displaced

At least nine conflicts which did not exist two years ago—or existed on a smaller scale than now—have produced more than 5 million new refugees and internally displaced persons during the past two years. In the former Yugoslavia, there are 1.6 million new refugees due to war. In

Somalia, 1.2 million new refugees and internally displaced have fled their homes. In Rwanda, 900,000 persons were living in displaced persons camps earlier this year because of civil war and political violence. In Tajikistan, civil war has pushed 400,000 persons from their homes. In Peru, 300,000 persons are newly displaced due to insurgency.

In Burma, 240,000 new refugees have fled human rights abuses and an insurgency. In Togo, political unrest has pushed 250,000 Togolese into neighboring countries. In Sierra Leone, 200,000 people have fled from civil war. And in Bhutan, the government's campaign of ethnic cleansing has produced 100,000 new refugees.

Ongoing Conflicts Have Uprooted 8 Million Persons

Several major, longstanding conflicts persist to this day around the world, accounting for some 8.3 million refugees and internally displaced. In Liberia, where at least 1.2 million persons are uprooted by a three-year civil war, the massacre of more than 500 uprooted Liberians 10 days ago proves once again the vulnerability of displaced persons. In Sudan, nearly 5 million people have been driven from their homes by civil war, drought, and callous government policies. In Armenia/Azerbaijan, war has forced 490,000 persons from their homes and livelihoods. And in the former Soviet Union's Georgia/South Ossetia/Abkhazia, 140,000 persons have been uprooted by political violence.

These and other refugee crises around the world--some new, some old--warrant our attention. U.S. financial assistance is the very key element in the international response to civilians who have been debauched by war and sectarian violence.

Repatriation Is Expensive but Necessary

The number of refugees worldwide continues to increase despite the repatriation of 2.4 million refugees last year and more than 5 million over the past two years. Some 1.8 million Afghans repatriated to Afghanistan last year. Nearly 250,000 Cambodian refugees returned home from Thailand. An estimated 100,000 northern Somali refugees repatriated last year from Ethiopia and Eritrea. In the near future, more than 10 million more refugees and internally displaced could return home if peace and stability prevail in Afghanistan, Mozambique, Eritrea, and Rwanda.

This is a time of tremendous opportunity to bring numerous refugee emergencies to a desirable, durable resolution. If we are to seize the opportunity, there must be greater recognition in Congress that the process of repatriation requires more--not less--money. Repatriation programs can actually cost more in the short-term than warehousing human beings in camps, denying them all opportunity to lead productive lives. The recently completed repatriation of more than 300,000 Cambodians cost the world community about \$350 per refugee. Proposed repatriation programs in Mozambique and Eritrea will cost \$130 to \$200 per refugee. People going home need transportation, seeds, farming tools, food until the first harvest, and protection monitoring. Modern warfare has left behind thousands of land mines that pose a special threat to returnees. Demining is time-consuming and costly, yet it has become an integral part of many repatriation programs.

Proper funding of repatriation and reintegration is expensive in the short-run but cost-effective in the long-run. It is an investment in future peace and stability. The tragic resumption of war in Angola seven months ago, after 16 months of peace, proves what can happen when

demobilization and resettlement programs are inadequate. It is in everyone's best interest to make the investment necessary now to facilitate successful repatriation.

V. PROTECT THE EMERGENCY REFUGEE ASSISTANCE FUND (ERMA)

Refugee flights are, by their nature, unpredictable emergencies. That is why ERMA exists: to provide funds for refugee emergencies that could not possibly have been foreseen by budget planners. During the last full fiscal year, FY 92, unexpected refugee crises prompted the President to spend \$69.2 million of ERMA funds to assist refugees fleeing from new or renewed conflicts in the former Yugoslavia, Somalia, Burma, and elsewhere. In the first eight months of FY 93, the U.S. has already expended \$41.5 million for emergency refugee needs in Somalia, Tajikistan, Bosnia, Croatia, and Haiti. The State Department's MRA overseas assistance account simply lacked sufficient money to address these humanitarian tragedies.

Given this recent history, the decision last month by the House Subcommittee on Foreign Operations to eviscerate ERMA is inexplicable. The House bill would appropriate only \$19.2 million for ERMA in FY 94—a devastating \$30 million cut that would forfeit this country's ability to respond to the most elemental humanitarian needs of the world's most destitute and disenfranchised people. Gutting ERMA would almost certainly forfeit the lives of countless refugees.

Those of us who document refugee situations around the world recommend that ERMA requires \$100 million to meet the need for assistance that exists. At a minimum, this Subcommittee should maintain ERMA's FY 94 appropriation at \$49.2 million, per the President's request.

Mr. Chairman, thank you for this opportunity to testify.

Senator LEAHY. Is there any one thing that seems to be an overriding factor in repatriation or does it really change country by country, situation by situation? What is the motivation?

Mr. DRUMTRA. Behind repatriation it is the urge to go home. People, no matter how long they have been in refugee camps, no matter how integrated they may be in the asylum country, have an urge to go home when conditions permit. And with the end of the cold war and some other trends in the world, we are seeing for the first time in years an opportunity for people to return home to Mozambique, for people to return home soon, I hope, to Somalia, Eritrea, Ethiopia, and Cambodia.

Senator LEAHY. There is not a feeling that people have to wait for things to be perfect back home, maybe just an incremental improvement at home would create an urge to return? I realize that I am speaking in broad generalities, but I see people leave because they face a totalitarian form of government. Then I see the same people returning home, the government does not look that much different—it is somewhat improved. Am I correct in saying that when people leave, they are not waiting for utopia to go back, it may be only an incremental change for them to go back?

Mr. DRUMTRA. That is correct. They may leave because they are pushed by the asylum country, or they leave because they want to get back to their land and begin planting their fields and begin to

feel useful and active, even if there are serious problems in their native country.

Senator LEAHY. And one other factor I would imagine is that no matter how bad it was back home, sometimes a refugee camp does not look a heck of a lot better?

Mr. DRUMTRA. That is correct.

STATEMENT OF RALSTON DEFFENBAUGH, EXECUTIVE DIRECTOR, LUTHERAN IMMIGRATION AND REFUGEE SERVICE

Senator LEAHY. Mr. Deffenbaugh.

Mr. DEFFENBAUGH. Thank you, Mr. Chairman, for this opportunity to testify about the "Migration and refugee assistance" account and the "Emergency refugee and migration assistance" account. Through the work of the Lutheran Immigration and Refugee Service and domestic refugee resettlement and the work with asylum seekers as well as with our partnership with the Lutheran World Federation worldwide in implementing programs with UNHCR, we are acutely aware of the critical issues faced by refugees in the world.

Our written testimony describes some of those situations and reveals an almost consistent pattern around the world of urgent needs, identified by UNHCR, combined with shortfalls in the funding necessary to meet those needs. And so we see situations in refugee camps in which there is inadequate water or maybe must minimal food, or even a situation like we see now in Somalia, where the whole UNHCR relief operation is threatened by the failure of the donors to meet the needs required for that.

We believe that the President's request for the MRA account underestimates these critical refugee assistance needs by about \$100 million. But we also understand that the political climate in our country will make it difficult to provide a significant increase in any foreign assistance programs. So, in light of this dissonance between the real needs not accounted for and the severe budgetary constraints, we would make these recommendations:

First, we would recommend that the Senate should increase the MRA account to \$685 million. This, we think, is a modest \$15 million more than the level approved by the House subcommittee, and would enable at least a bit more money for the urgent needs around the world.

We would also suggest that the Congress not earmark funds within the MRA account. Mr. Drumtra mentioned the situation of aid to Israel. The very worthy effort of resettling refugees in Israel is now at a stage where the numbers arriving are significantly less than they had been in previous years, down from 160,000 in 1991, to a projected 50,000 this year. And we think the administration ought to have the flexibility to adjust the level of aid to be proportionate to the numbers and to the need required, particularly given the other urgent needs around the world.

Also, we think the Senate should replenish the ERMA account at least at the current level, which is \$49.2 million. Of course, we would like it to be the full \$100 million, which we think is necessary. And, in fact, the administration has relied on the ERMA account to meet some of the urgent needs identified by UNHCR, particularly in Somalia and in Bosnia and some of the other crises

around the world. But we think at least it should not fall below the current level of \$49.2 million.

PREPARED STATEMENT

And we think that it is entirely appropriate for the United States to be a bit more generous in these overseas refugee accounts in meeting these urgent needs for refugees. Currently, the U.S. spends about \$1.25 per citizen, per year on aid to international refugee agencies, about the price of a Sunday newspaper. And we think it is not unreasonable to throw in another nickel or dime per citizen to help meet some of these urgent needs.

Thank you.

Senator LEAHY. Thank you.

[The statement follows:]

STATEMENT OF RALSTON DEFFENBAUGH

Thank you, Mr. Chairman, for the opportunity to testify before your subcommittee on the Migration and Refugee Assistance and the Emergency Refugee and Migration Assistance accounts of the Foreign Operations Appropriations bill for fiscal year 1994.

I am Ralston H. Deffenbaugh, Jr., Executive Director of Lutheran Immigration and Refugee Service (LIRS). LIRS is an agency of the Lutheran churches in the United States which provides resettlement services to refugees, immigration counseling, social and legal services to asylum seekers, and foster care services to refugee children who are unaccompanied.

LIRS is a partner with Lutheran World Federation (LWF), the international communion of about 54 million Lutherans worldwide. LWF through its Department of World Service is a major implementing partner with the United Nations High Commissioner for Refugees (UNHCR), carrying out assistance programs for refugees in many areas of the world.

We are therefore acutely aware of the critical issues faced by refugees in the world today. While many had hoped that the end of the Cold War would provide some respite to persecuted peoples, this has not happened. Instead, while the East-West conflict does no longer fuel local wars and regional confrontations, internal hatreds and ethnic strife have become more virulent than ever. The anarchy in Somalia and the total breakdown of civil society in the former Yugoslavia have produced millions of new refugees in the last year.

We are very concerned about recent trends in the United States that seek to decrease our commitments to assist people in need overseas. While the burden of deficit reduction looms large, foreign assistance to the most needed seems to be taking a larger cut. This inward looking trend by the U.S. government and the American people is happening at the same time that refugee numbers have increased to over 17.5 million world wide.

I want to present to you an analysis of some critical refugee assistance needs in areas of the world where the U.S. should increase support of the UNHCR and the

International Committee of the Red Cross (ICRC). These are modest increases from the levels suggested by the President in his budget request for MRA and ERMA, as well as the levels in the House bill that has been marked up by the House Subcommittee on Foreign Operations.

I. OVERSEAS REFUGEE ASSISTANCE NEEDS IN FY 1994

The President's budget request for fiscal year 1994 reflected a very small increase of \$20 million of overseas refugee assistance, up to \$640,688,000. This increase is inadequate, given the tremendous crisis facing the international community in Bosnia alone. While the House Subcommittee increased MRA to \$670,688,000, it did so by lowering the ERMA replenishment, thus keeping the overall appropriation level to about \$690 million. Thirty million dollars were transferred from the ERMA to the MRA account and, at the same time, the earmark for refugees to Israel was increased by \$25 million. This action in effect decreased overseas refugee assistance funds by that amount.

1992 was proclaimed by UNHCR as the year of repatriation, and in many cases the hope of going home began to embolden refugees. While repatriation of refugees has indeed begun in some places, it is progressing with difficulties due to persistent conflicts. There must be a recognition that the repatriation process --even when it runs smoothly-- can actually cost more in the short term although repatriation is of course far better in the long term than warehousing refugees in camps, denying them all opportunity to lead productive lives.

The repatriation of more than 300,000 Cambodians during the last year is costing the world community about \$350 per capita. Repatriation of Afghanistan's refugees is twice as expensive as giving assistance to Afghans in refugee camps. Early projections are that repatriations programs for Eritrea and Mozambique will cost \$130 to \$200 per refugee. Refugees who go home need transportation, seeds, farming tools, help in reconstructing their houses and essential food until the first harvest comes in. In addition, modern warfare has left behind thousands of land mines that pose a special threat to returning refugees. De-mining is time-consuming and costly, yet in many

repatriation programs it has become an essential program to ensure the safe return of refugees.

Adequate funding for repatriation programs is necessary to achieve long term success for returning refugee groups. While such programs are more expensive in the short term, they are cost-effective in the long term both in human and financial terms.

A. NEEDS IN EAST ASIA

The Administration has requested \$37.5 million for this area, while an amount of \$44.8 million would be more appropriate. This latter level of need is the current fiscal year 1993 appropriated level.

The situation of Burmese refugees in Bangladesh continues to require the full attention and support of the international community. Because Bangladesh is one of the world's poorest countries, there exists a real and high risk of refoulement of the Burmese refugee population, unless the government of Bangladesh is convinced that the international community will provide the necessary assistance.

In Southeast Asia, the Comprehensive Plan of Action will cost the UNHCR a total of \$86 million in the current 1993 calendar year. Of these projected costs, there is already fear that a deficit of as much as \$44 million is likely. Such deficits will then be carried over into 1994.

These two examples of refugees assistance needs in East Asia indicate that this regional allocation should remain at the \$44.8 million level, and not decrease by \$7.3 million as proposed by the administration.

B. NEEDS IN AFRICA

The President's request proposes to allocate \$130.0 million to refugee assistance needs in Africa. This is a \$20 million increase from current fiscal year 1993 levels. However, an analysis of the refugee crises in Africa and the financial needs identified by the UNHCR would indicate that a \$160.0 million would be a more adequate funding level.

The increases in the Administration budget request would barely address the new and emerging refugee assistance needs for Somalis in Kenya and

Ethiopia. Additional new refugee emergencies not mentioned in the Administration's budget justification are:

- The outbreak of violence in Rwanda, where 600,000 new displaced persons have been affected in the last few months; according to informed sources, the ICRC budget needs in Rwanda have increased eight-fold.
- In Togo, political violence this year has forced more than 200,000 refugees to flee to neighboring countries. In 1993, the UNHCR reports already a funding gap of \$10.5 million (only \$0.9 million has been pledged so far).
- Renewed fighting between the Muslim northern government and the primarily Christian and Animists in Southern Sudan have exacerbated the precarious situation of more than 263,000 refugees who have fled Sudan, and increased the number of internally displaced persons to about 5 million.

As an example of things to come, the UNHCR is already falling short in several African programs in 1993. The deficits illustrated below will compound refugee crises, keeping repatriation programs from operating, and raise costs in the long term.

UNHCR PROGRAMS

1993 Need Funding Gap

Somalis in Kenya --

Repatriation and Cross-border	\$42.7	\$29.7 million
Ethiopian Repatriation from Sudan	\$20.1	\$19.6 million
Mozambican Repatriation	\$55.0	\$45.1 million

C. NEEDS IN SOUTH ASIA

The Administration has proposed a \$12 million increase from 1993 appropriations, up to \$42 million. An analysis of the situation reveals that about \$56 million will be needed.

These funds will primarily assist the ongoing voluntary repatriation program for refugees from Afghanistan who are now in camps in Pakistan. However, this repatriation is only a partial picture of the situation of Afghan

refugees. The current year 1993 has seen renewed hostilities which have uprooted more than 600,000 persons.

Approximately 1.5 million Afghans returned home last year. Although initial financial assistance was provided, they are now in need of further reintegration and rehabilitation programs. In addition, more returnees are expected in fiscal year 1994. While the current repatriation program progresses, the Afghan refugee population outside the country continues to be the largest refugee group in the world. It could increase, requiring continued care and maintenance programs. Thus, there are two Afghan refugee programs operating simultaneously --for returnees and new exiles-- both of which must continue to be supported by the U.S. and the international community before stability and peace will be achieved in this troubled nation.

The UNHCR has projected a budget of \$75.5 million for this repatriation program alone in 1993. However, the current income is falling short by \$52.5 million, which will have a marked negative impact on the situation of Afghans in fiscal year 1994.

D. NEEDS IN LATIN AMERICA AND THE CARIBBEAN

LIRS believes that about \$10.0 million will be needed for on-going and new refugee situations in the Western Hemisphere. The Administration has requested only \$6.6 million.

Given the recent constitutional crisis in Guatemala, and the likelihood that the military will continue to interfere in the government's operations, the repatriation of Guatemalan refugees from Southern Mexico is on hold. This will increase the costs for care and maintenance in the UNHCR managed camps in Chiapas and Quintana Roo. Even so, only 50% of a total budget of \$11.6 million for the repatriation program has been pledged in the current 1993 year. This expected deficit will make the situation worse in fiscal year 1994.

Furthermore, the Administration makes no mention of the situation of Haitian refugees, although refugees are currently in exile in some Caribbean countries such as Bahamas, Jamaica and the Dominican Republic. The budget

request does mention the need to assist displaced persons in Peru and Colombia through programs of the ICRC. LIRS believes that at least \$4 million should be made available for such displaced persons to prevent refugee flows to neighboring countries. Particular attention should be paid to the indigenous populations most affected by the conflict between the Shining Path guerrillas and the Peruvian security forces.

E. NEEDS IN EUROPE AND THE FORMER SOVIET UNION

The President's fiscal year 1994 budget request only allows for an increase of a little more than one half million dollars for the whole of Europe, when compared to funds appropriated for fiscal year 1993 (\$39.5 versus \$40.0 million). The regional allocation includes the needs of refugees in the former Yugoslavia (primarily Bosnia and Croatia), as well as the entire former Soviet Union. This recommendation by the Administration is inadequate.

In Bosnia alone, the UNHCR has recently reported that they are falling short of the needed funds to help people barely survive. Refugees, internally displaced persons, and at-risk populations within Bosnia now number over 5 million, almost 50% more than the total mentioned in the Administration's request (the UN figure for refugees and displaced persons alone is 3.8 million). Approximately 2.3 million of these needy persons from the former Yugoslavia are currently totally dependent on international assistance for their survival.

Of the \$447.6 million budgeted by the UNHCR for the former Yugoslavia in 1993, only \$148.6 has been received as income. If this shortfall now occurring in 1993 is carried over into 1994, as it seems likely, the UNHCR will be incapable of meeting the most fundamental humanitarian assistance and protection needs in the former Yugoslavia in the next year.

The United Nations consolidated appeal (which includes refugee assistance, peacekeeping, and other needs) of March 11, 1993 totalled \$817 million. This appeal is to cover humanitarian assistance needs for the period April - December 1993, and has received a minimal response from donor governments. As a result,

food shortages are currently so serious that food rations are being reduced, while other essential services are being curtailed as well. An assessment by the U.S. government made in March 1993 in Bosnia pointed out the crises in food assistance and "major weaknesses" in medical and public health services. In this respect, it should be noted that the U.S. government has already (as of March 1993) fully committed the \$30 million earmark in the MRA account appropriated for fiscal year 1993. Likewise, the current ERMA balance in 1993 is expected to be depleted by the end of the fiscal year, solely to meet the needs in Bosnia.

In Tajikistan, civil war has forced 53,000 new refugees to flee to Afghanistan, while 300,000 more have been displaced and need assistance within the country itself. The U.S. government considers, for budget planning purposes, Tajikistan as part of the European region, including those Tajik refugee who have fled to Afghanistan. The UNHCR anticipates that assistance to Tajik refugees will cost at least \$7.9 million in 1993 alone. Unfortunately, only \$1.6 million is in hand as income for this program. This large deficit sets the stage for an even more difficult situation in fiscal year 1994. It should furthermore be noted that these UNHCR figures only apply to refugees who are outside Tajikistan; the great majority --85%-- of Tajiks in need of assistance are considered "displaced persons" within their own country.

II. RECOMMENDATIONS FOR MRA AND ERMA IN 1994

LIRS believes that the President's request for the Migration Refugee Assistance (MRA) account underestimates critical refugee assistance needs in 1994 by about \$100 million. LIRS also understands that the political climate in the U.S. Congress will make it very difficult to provide significant increase in any foreign assistance programs. In light of this dissonance between real needs not accounted for, the severe budgetary constraints faced by our nation in the next year, and the lack of overall and strong support for foreign assistance programs, LIRS makes the following recommendations:

A. THE U.S. SENATE SHOULD INCREASE THE MRA ACCOUNT A MODEST \$15 MILLION FROM THE LEVEL APPROVED BY THE HOUSE SUBCOMMITTEE, TO A TOTAL OF \$685 MILLION.

The U.S. Senate should not make earmarks in this account for specific programs, as this would restrict the Clinton Administration from addressing

refugee emergencies as they arise. This is particularly important in light of the action of the House subcommittee, which has earmarked the "refugees to Israel" line item and increased it by \$25 million from the Administration's request.

There has been a significant decrease in the number of persons migrating to Israel from the former Soviet Union in recent years (160,000 in 1991, 67,000 in 1992, and about 50,000 projected in 1993). At the same time, the funding levels earmarked by Congress have remained at \$80 million in the last two years. The Administration should be able to have flexibility and prioritize resources in 1994 as new refugee emergencies arise.

B. THE U.S. SENATE SHOULD REPLENISH THE ERMA ACCOUNT AT LEAST AT THE LEVEL OF THE ADMINISTRATION'S REQUEST, OR HIGHER THAN \$49.2 MILLION IF AT ALL POSSIBLE.

The Administration's request for replenishment of the ERMA account, \$49.2 million, is the same appropriated in fiscal years 1992 and 1993. Given the pattern in the last years, the ERMA replenishment should be increased if at all possible, to allow the President the flexibility to respond to new refugee emergencies that are surely to arise.

The U.S. Senate should not fall below the \$49.2 million replenishment proposed by the President. An appropriation of only \$19.2 million for ERMA will seriously impair the U.S. government response to UN special appeals in 1994.

According to current 1993 year UNHCR estimates, if the U.S. were to live up to the historic levels of support for the core budget and the special programs, an additional \$190 million in U.S. contributions would be needed. While this may not be possible, it illustrates how far behind the U.S. is falling in contributions to special appeals by the UNHCR.

III. CONCLUSION

The end of the Cold War is providing an unprecedented opportunity to the international community to resolve some of the large outstanding refugee situations. However, refugees are in more peril than ever, as the U.S. turns inward and shrinks from the responsibilities of a world leader. At the same time, budgetary constraints and

political pressure to lower the U.S. government deficit make meeting these challenges very difficult.

LIRS believes that the modest proposals we have made in this statement will go along way to helping very vulnerable refugees at least survive. In some cases, there will great opportunities to help refugees return home in safety and dignity. This opportunity must not be missed.

I will be glad to answer questions you may have. Thank you again for the opportunity to present our views on this very important subject.

Senator LEAHY. You are not getting a great argument. I am facing one problem up here. We are going to end up cutting the overall foreign aid bill below the cuts of last year, and we are being asked for a great deal more. The Russian aid package, of course—everything from refugee assistance to emergency humanitarian aid. We have so many things in here that we are being asked for, we could have a bill twice as large as this one will be and not cover all the things that we should.

I have looked at countless computer printouts and spreadsheets. I am trying to figure out how to do it. It is not easy. The things you talk about are things that are very important to me. And I appreciate what you have said. But we are going to have to keep on charging forward and just see where it goes.

I have urged the administration and will continue to urge them to begin a top-to-bottom or bottom-to-top review of all our foreign aid. We have areas where we spend money today that we do not need to. And we have areas where we are not spending money that we should be spending money on.

Mr. DEFFENBAUGH. Thank you.

STATEMENT OF SHEPARD LOWMAN, ON BEHALF OF THE U.S. CATHOLIC CONFERENCE

Senator LEAHY. Mr. Lowman.

Mr. LOWMAN. Thank you, Mr. Chairman.

The U.S. Catholic Conference is very grateful for the opportunity to testify today on the critical issue of assistance for refugees next year. And I know you have had a long day. We will try to summarize.

Senator LEAHY. My day has not even started. It is going to be longer before we get done. [Laughter.]

Thank you, though.

Mr. LOWMAN. A long day and a longer one coming.

This committee has long established itself as concerned and deeply caring for the refugees and dispossessed of the world, and we thank you for that. In the coming days and in the coming years, we are going to need your continued help and commitment.

You know, a few years ago, the morning newspaper was a joy to behold. Communist governments were falling and democratic regimes were springing up overnight, and things that we never dreamed would happen in our lifetime were coming to pass. But

these days, breakfast is a pretty gloomy business as we see the consequences of the ending of the cold war so often manifesting themselves in smaller regional conflicts, ethnic conflicts, which have created unprecedented refugee populations now well over 17 million, with equal or greater numbers of displaced persons.

Unfortunately, there really is not any reason to believe that these problems will diminish in the next few years. We will see repatriations and, as Mr. Drumtra has pointed out, they cost money, but they will happen. But there will be new crises that will create new refugee populations, as well.

Sometimes the whole business seems so overwhelming and complex and often intractable that you almost want to turn away from it. But we cannot do that, because without U.S. leadership, the magnitude of these problems is simply so great the international community would just be overwhelmed. So we have to supply that leadership, both political and in terms of resources that underpin that leadership. And in this we will need the committee's support.

With respect to the needs for fiscal year 1994, the U.S. Catholic Conference has all along felt that the task facing us will require something over \$700 million for the MRA account. We note that the authorizing legislation is likely to set the figure at \$685 million, and that the House has approved \$670 for the MRA account. We would agree with the testimony you have already heard that would urge the Senate to restore the MRA at least back up to \$685 million.

With respect to the "Emergency refugee migration and affairs" account, the ERMA, authorizing committees have put that at \$100 million, and we would urge that indeed the Senate support that, and bring it up to \$100 million. We were very concerned about the passage by the House of ERMA of only \$20 million, \$30 million below the President's request, and far, far below what we believe is necessary.

In light of the major potential for new refugee crises in today's disorderly world, the conference would urge an increase in this account to the authorized figure of \$100 million. And we recognize this is a lot of money, and that it is difficult to find. It is a very disorderly world.

PREPARED STATEMENT

In the last 20 years I have been working on refugee affairs, I have never seen an international situation with so many minefields out there that have the potential for exploding into refugee crises. So that we hope that the Senate will be as generous as they can in this respect.

Thank you.

[The statement follows:]

STATEMENT OF REV. RICHARD RYSCAVAGE, S.J., ON BEHALF OF
THE U.S. CATHOLIC CONFERENCE

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to testify on the Fiscal Year 1994 Foreign Aid Appropriation bill and other refugee issues.

Last year the Congress kept the Migration and Refugee Assistance (MRA) account at \$620 million, while wisely replenishing the \$50 million Emergency Migration Account (ERMA). For fiscal year 1994, The Congress appears likely to authorize \$685 million for the MRA account for fiscal year 1994 and to raise the ERMA account to \$100 million. The House has appropriated \$670 million for the MRS account and \$20 million for the ERMA. We continue to believe that the actual need of the MRA account is a minimum of \$700 million and fear that the many crises looming in the future are likely to make the authorized amount insufficient. We strongly urge that the MRA account be funded at least at the full authorized amount of \$685 million. Especially since the MRA account funding may prove to be insufficient, we also urge that the ERMA account be raised to \$100 million to reflect the higher costs of all items -- including food and transportation -- in refugee emergencies, as well as, the extent and depth of the refugee emergencies facing the international community in the coming year.

Mr. Chairman, over the years you and the other members of this Subcommittee have been faithful friends to refugees. Your leadership has greatly helped to convince the Congress to give more resources to the world's 17 million persecuted and homeless refugees, as well as the more than 20 million internally displaced persons.

The discord and chaos in many parts of the world following the end of the cold war faces the international community with many difficult and costly challenges. More than ever before your assistance will be needed to assure that adequate resources are available for the United States to continue to plan its vital role in the search for just and humane solutions to these problems. It is essential that the United States provide both political leadership and leadership in responding to specific refugee relief and assistance needs. In dealing with such problems, adequate resources are needed to underpin a leadership role.

One of the most compelling problems in refugee assistance is the more than 3 million refugees in Africa. I recently visited Somalia and attended a Vatican Conference on African refugees. While there, I met with African bishops and refugees who had fled persecution in Somalia, Sudan, Liberia, Angola, Mozambique, Togo, and Ethiopia. The situation in Sudan is particularly tragic. Civil war, famine, and drought have cost the lives of hundreds of thousands of people. The interruption of food and medical aid has been constantly used as a weapon of war. Continuing famine and disease literally threaten the existence of population groups in the

South. Years of serious human rights abuses have made it difficult for many to believe that the government is ready to permit Sudan to once again take its place as a nation of peace, with harmonious relations between all groups.

This past year the Congress has helped to ensure that the remaining Hmong refugees in Thailand are afforded protection and have access to fair screening. Conditions in Laos have not substantially improved for the Hmong and forcible repatriation of these and other Laotian asylum seekers would be in direct violation of their human rights. Because of Congressional interest and vigilance, a wiser and more humane policy towards the Hmong has quietly prevailed: forced repatriations have ceased and the U.S. has not abandoned the remaining 50,000 former resistance fighters and their families. In FY 1993 the United States will resettle some 6,500 Hmong; the Chiang Kham Camp remains open; and 12,000 Hmong are now awaiting processing for U.S. resettlement. The Catholic Church strongly opposes the forced repatriation of Hmong refugees, or of any other asylum seeker who would be at risk if returned home. Would that we had only been as successful in obtaining equitable treatment for the Haitian asylum seekers or the Burmese Muslim Rohingya refugees in Bangladesh.

The screening of Vietnamese boat people for refugee status under the Comprehensive Plan of Action (CPA) is nearing completion and in 1994 we may find 75,000 - 80,000 asylum seekers whose claims have been rejected and who are expected to return home. The screening process has been very restrictive and many applicants who believe they have a good claim have been screened out. These people are very resistant to returning home and, as pressures are increased on them to repatriate, tensions are growing in the camp including hunger strikes, violence, protests and even suicides. The UNHCR must be pressed to work with this population sensitively, maintaining a decent level of care and social services in the camps rather than deliberately creating ever harsher conditions in order to force their speedy return home. As with other groups, the Catholic Church objects to the forcible return of the boat people, whether this is accomplished by physical force or by deliberately creating unacceptable camp conditions to reach this end.

The most important issue for refugees is *physical and legal protection in a place of temporary safe haven*. At times, however, the conditions into which refugees are placed in temporary asylum which can inadvertently put an already vulnerable refugee at further risk. The United Nations High Commissioner for Refugees (UNHCR) has developed guidelines to improve the protection of, and assistance to, refugee women and children. Unfortunately, these guidelines have been neither widely observed nor implemented. We urge that the U.S. continue to specially fund and press the UNHCR to commit wholeheartedly to train and sensitize its staff, as well as those of cooperating governments and nongovernmental agencies, in how to implement better protection and assistance programs for vulnerable refugees, in particular to reduce assault

and abuse. Without U.S. attention and funding, the financially burdened UNHCR will not be able to improve its data collection, recruitment, or training efforts in this critically important area. Yet it is clear that the need for such attention is critical and very often lacking. The great majority of the world's refugee population consists of women and children.

The conflict in the former Yugoslavia, for example, has made it clear that rape can be used as a deliberate weapon of war. Unfortunately, the prevention, treatment, and counselling of refugee rape victims has not been a priority of international refugee assistance programs. However, Canada recently recognized sexual abuse as constituting grounds for refugee and asylum status. In the early 1980s, the Congress created the first protection and victim assistance program for Vietnamese boat people attacked by pirates in Southeast Asia. It was not a fringe idea then; it is certainly not now. We urge the Committee to earmark \$5 million in funding for efforts such as pilot programs and improved training for refugee workers to assist victims of sexual abuse and violence.

Last year Congress earmarked \$35 million for refugees in the former Yugoslavia. From firsthand experience it is clear to me that increased funds will be needed both this year and next year. A short time ago I visited Sarajevo, one of the most dangerous cities in the world, where one in six of its remaining 370,000 people have been injured by shelling and relentless sniper fire. This once beautiful city is a mere shell of its former self. In the former Yugoslavia, more than 2.5 million people have become refugees and another 1.5 million are internally displaced. Hungary and Poland are struggling valiantly to house and feed the refugees they shelter. Croatia, which on a per capita basis has provided far more safe haven than any other country, has had its living standard cut in half. The \$3 million per day cost of caring for the refugees has worn away the country's meager resources. Croatia, which officially closed its borders to new arrivals last July, has continued to register newcomers and deserves additional international assistance for the refugees it shelters.

One area where a small amount of additional funding could make a substantial long-term difference would be to increase migration funding by \$10 million. This increase would be used for bilateral programs, particularly those utilizing the expertise of American non-governmental organizations. This NGO experience could be used to help new and developing nations create a climate and institutional capacity to more effectively cope with migration and refugee problems. The State Department should encourage the development of more model technical assistance and educational programs, staff exchanges, and seminars that would help countries, particularly those in Eastern Europe, develop appropriate institutional structures and encourage the growth of non-governmental organizations that could help these countries better cope with migration and refugee issues. Many former refugee producing countries -- which are now countries of first asylum -- are working hard to improve the treatment of their minorities. These nations are striving to accommodate more ethnically and religiously diverse populations,

realizing the need to protect the rights of all those within their borders -- including migrant workers, returning nationals, and asylum seekers. The United States Catholic Conference has begun a modest pilot program with our colleagues in Eastern Europe, Russia, and the Ukraine on just such issues. However, the interest and need for such efforts far outstrips our own resources.

The FY 1993 budget permits the admission of 122,000 refugees. This number includes only a handful of Burmese dissidents, a few hundred Haitians -- despite the increasing violence and human rights abuse there, and no Chinese dissidents or other victims of serious human rights abuses. The FY 1993 refugee admissions ceilings do not permit the admission of Sri Lankans, Peruvians, Guatemalans, or victims of religious persecution -- except those from Cuba. We believe our country should maintain an open door for at least *150,000* of the world's refugees, while showing greater sensitivity to victims of religious persecution and violence.

My organization has been assisting refugees for more than 70 years, working without regard to race, ethnicity or religion. As a network of community-based organizations we are able to develop sponsorships, generate volunteer involvement, and garner private contributions that often far outstrip government-provided funding. We applaud the State Department and Congress for developing in refugee resettlement a partnership unique in the world; a partnership which combines the best of the federal government and of private nonprofit agencies. But, like every other sector, we too are affected by rising costs and have already tightened our belts as far as we can.

If Congress had helped us keep up with inflation, the individual grant for refugee resettlement would have more than doubled from its current level of \$630 to approximately \$1300. That level would substantially increase the upfront services we could provide and would reduce the current drain on state and local government-funded services. However, given the current budget situation, a modest increase to \$700 per capita would still make a substantial difference. An increase of just 11% over the current per capita grant would represent an additional \$8.5 million in this account -- a very small item in the MRA account, but extremely significant to us. Such an increase would be spent locally by community-based nonprofit organizations for housing, furnishings, utilities, and even clothing for refugees who arrive with literally only the "clothes on their backs."

Refugee admissions represent an immutable testament to our nation's belief in the essential dignity of each individual, the need to uphold human rights, and the value of an ethnically and culturally diverse democratic society. Although there are initial costs, *the payback is tremendous*. Refugees are survivors and builders who seek simply the opportunity to do what many others fleeing tyranny have done before: to have a chance to live in freedom,

to worship and raise their families in their religious traditions, and to cherish the democratic traditions of this society.

According to Pope John Paul II, humanitarian intervention is *obligatory where the survival of populations and entire ethnic groups is seriously compromised*. Mr. Chairman, in our view that is what the U.S. refugee program is all about. We urge you to continue your wise stewardship and to provide at least \$685 million for refugee funding in 1994 and \$100 million for the ERMA account. At that level we would be able to improve protection; augment basic education and humanitarian assistance, including counselling and treatment of victims of violence; and assist the voluntarily return of tens of thousands of refugees to places like Mozambique, Guatemala, and Vietnam and stand ready to respond promptly to the many refugee emergencies that may develop in today's unstable world.

Thank you.

Senator LEAHY. Thank you, Mr. Lowman. You know my position, my attitude on this. And I would say just what I said before. We are scrambling to find money. It is an area where I would like to see the United States get involved. I would also like to see a lot of our wealthy European and Asian allies get involved.

I think that it goes beyond some of the political and economic issues that we face when countries like ours or Japan, and most of the countries of Europe are blessed with a standard of living that is almost unbelievable to so many billions in the world. If we are going to have this kind of standard of living, we have a moral responsibility to help others.

This is not liberal, conservative or any other kind of philosophy. I just think it is a fact.

I grew up in a small town in Vermont, and like most people there, I had a sense that you helped out your neighbors. In a global sense, these are our neighbors.

Ma'am, gentlemen, I thank you all very, very much for being here.

STATEMENT OF GEORGE CODY, ON BEHALF OF THE AMERICAN TASK FORCE FOR LEBANON

Senator LEAHY. On our next panel we will have George Cody of the American Task Force for Lebanon; Ghassan Raad, National Alliance of Lebanese Americans; Seely Beggiani, Commission for Lebanon; and Imad Hage, the Council of Lebanese American Organizations.

I apologize if I have mispronounced any of your names.

Mr. Cody, why don't we start with you, sir.

Mr. CODY. Thank you very much, sir.

I would like to thank you, Mr. Chairman, and the members of the committee for allowing me to present this testimony today. I would like to request that my written testimony be made a part of the record.

Senator LEAHY. It will be.

Mr. CODY. Thank you very much.

I am Dr. George Cody, executive director of the American Task Force for Lebanon. I am delivering the testimony on behalf of our chairman, Thomas Nassif, former U.S. Ambassador to Morocco. The task force is an organization whose goal is to heighten awareness of the American public and the United States Government officials and policymakers to the plight of the Lebanese people.

Mr. Chairman, we are heartened by and applaud the bold visit to Beirut on February 22, of Secretary of State Warren Christopher. We hope that the Secretary's visit indicates that Lebanon's vital interests will not be compromised.

Mr. Chairman, despite 16 years of tragic war, we want to speak of reconstruction. Security has improved dramatically in Lebanon since late 1990, when the Lebanese Government established the Council for Development and Reconstruction to spearhead its reconstruction effort. The International Bechtel plan suggests how and where United States assistance to Lebanon would complement the Lebanese Government's reconstruction program.

According to a World Bank report, Lebanon will need an initial short-term public investment recovery program costing \$2.3 billion to be implemented over the next 3 years, with between \$650 to \$750 million a year needed to be raised abroad to finance public sector investment in current operations.

In addition, public investment programs over the medium- to long-term will require a further \$5 billion. The task force is not proposing that the U.S. fund this amount. But we are suggesting that the United States foreign aid package be sizable enough to show foreign donors and Lebanese expatriates that the United States has confidence in Lebanon's future.

Reinvestment has not taken place as expected, awaiting a sizable aid package from the United States, or at least a change in the restrictive policy that bans travel on United States passports to Lebanon, and hinders American business participation in Lebanon's economy. These steps would show investors, foreign and domestic, that the United States encourages private sector participation in Lebanon's reconstruction effort.

It is essential to repatriate a portion of Lebanon's resources, both human and financial, for Lebanon's redevelopment. Funds for Lebanon are being pledged for infrastructure and development projects. Steady annual increases in aid and a strong commitment from the United States would help convert these pledges into disbursements and encourage other donors to contribute.

So far, there has been over \$1 billion pledged. Furthermore, rebuilding the Beirut commercial district, to be undertaken by the private sector, will cost approximately \$3 billion.

Mr. Chairman, although the American Task Force for Lebanon would like to request \$150 million, which is reasonable in light of Lebanon's need for economic aid, given the current economic climate and budgetary constraints, the task force supports the Hon. Nick Rahall's very modest request for \$15 million in foreign assistance for Lebanon for fiscal year 1994.

In recent years, assistance to Lebanon has been distributed through PVO's. We would like to request that \$10 million continue to be distributed through PVO's. We also suggest that \$5 million be distributed through the Lebanese Government to establish a de-

partment of statistics, with the project being executed by the United Nations Development Program, the World Bank and the International Monetary Fund.

There seems to be a strong consensus among those involved in international finance and economic development that creation of a department of statistics should be a priority. The estimate to construct the building, acquire the computers and employ statisticians is approximately \$5 million. Lebanon currently has no data base, and it is impossible to do any sort of planning without GNP indicators and household surveys.

We would like to recommend that leverage funding and fund-matching be used for aid projects with private sector participation. The American Task Force for Lebanon supports more foreign assistance being channeled through indigenous Lebanese PVO's that have a history of sound accounting. We are vitally concerned that aid given to Lebanon reaches all those in need, and we further request a minimum provision of \$400,000 in IMET funds for Lebanon in fiscal year 1994.

A strong Lebanese Army is essential to the withdrawal of all non-Lebanese forces. An army capable of securing Lebanon's borders and protecting its citizens is mandatory if Lebanon is to exercise its sovereignty and safeguard its territorial integrity.

PREPARED STATEMENT

Mr. Chairman, we know the subcommittee is concerned that foreign assistance creates dependency among recipients, but dependency is anathema to the Lebanese.

Thank you very much.

[The statement follows:]

STATEMENT OF THOMAS A. NASSIF, CHAIRMAN OF THE AMERICAN TASK FORCE FOR LEBANON

I am Thomas A. Nassif, Chairman of the American Task Force for Lebanon (ATFL) and former U.S. Ambassador to Morocco. I am Chairman of the Board of Gulf Interstate Corporation and its subsidiaries Gulf Interstate International and Gulf Interstate Engineering of Houston, Texas.

The Task Force is an organization whose goal is to heighten awareness of the American public and United States government officials and policymakers to the plight of the Lebanese people. Our members reflect most religious groups in Lebanon and a prominent roster of American talent in business, law, medicine, the professions, and the arts, as well as public officials, including two members of Congress.

We had wide-ranging discussions with the Bush Administration about the problems in the Middle East and Lebanon. We have approached the Clinton Administration about Lebanon's future and we are optimistic the Administration will respond.

Mr. Chairman, we were heartened by the visit to Beirut on February 22 of Secretary of State Warren Christopher. Secretary Christopher said that the visit, "symbolizes our commitment and support for the Lebanese government, for its effort to achieve independence and territorial integrity, for the dissolution of the armed militias and for the withdrawal of all non-Lebanese forces." The American Task Force applauds the Clinton Administration and Secretary Christopher for the bold decision to visit Beirut. The Secretary's trip reinforces what we interpret as the Administration's firm decision that Lebanon's vital interests will not be compromised and that the United States policy is to guarantee Lebanon's security and independence in the community of nations.

The people of Lebanon have suffered as few people have suffered in history. A tragic war which lasted for 16 years defies both logic and morality and as always, it is the people who suffer. Contemplate these figures on the tragic war released by Lebanese authorities for a country that had a pre-war population estimated at 3.2 million: 144,240 dead, 197,506 injured, and 17,415 missing. A study conducted by St. Joseph University of Beirut and the University of Laval in Canada puts the number of displaced persons at 568,000 or 18.5% of the population.

Mr. Chairman, despite this tragedy, we want to speak of reconstruction. Security has improved dramatically in Lebanon since late 1990, when the Lebanese government reestablished the Council for Development and Reconstruction (CDR) to spearhead its reconstruction. CDR commissioned a study, financed by Mr. Rafiq Hariri, the current prime minister, and undertaken by Lebanon's largest engineering firm Dar al-Handasah, resulting in a detailed recovery plan to reconstruct and redevelop Lebanon. Damage assessment for the various sectors was partly financed by the European Economic Community. This plan formed the basis for the World Bank-proposed rehabilitation project.

This plan suggests how and where U.S. assistance to Lebanon would complement the Lebanese government's reconstruction program. According to a World Bank report, Lebanon will need an initial short-term public investment recovery program costing \$2.3 billion to be implemented over the next three years, with between \$650 to \$750 million a year needed to be

raised abroad to finance public sector investment and current operations. In addition, public investment programs over the medium-long term will require a further \$5 billion. The ATFL is not proposing that the U.S. fund this amount, but we are suggesting that the U.S. foreign aid package be sizable enough to show foreign donors and Lebanese expatriates that the U.S. has confidence in Lebanon's future. Reinvestment has not taken place as expected awaiting a sizable aid package from the U.S., or at least a change in the restrictive policy that bans travel on U.S. passports to Lebanon and hinders American business participation in Lebanon's economy. These steps would show investors, foreign and domestic, that the U.S. encourages private sector participation in Lebanon's reconstruction effort. It is essential to repatriate a portion of Lebanon's resources, both human and financial, for Lebanon's redevelopment.

The U.S. business community can profit from participation in the public and private investment program. Currently, funds for Lebanon are being pledged for infrastructure and development projects. Steady annual increases in aid and a strong commitment from the United States would help convert these pledges into disbursements and encourage other donors to contribute. Notable among the pledges are the European Community/European Investment Bank-\$308 million; Italy-\$460 million; World Bank-\$175 million; Kuwaiti Fund for Arab Economic Development-\$70 million; Arab Fund for Economic and Social Development-\$75 million; Saudi Arabia-\$60 million; and other donors including OPEC Fund, International Fund for Agricultural Development (IFAD), Islamic Development Bank, and United Nations Development Programme (UNDP). Furthermore, rebuilding the Beirut commercial district, to be undertaken by the private sector, will cost \$3 billion.

Mr. Chairman, although the American Task Force for Lebanon would like to request \$150 million--which is reasonable in light of Lebanon's need for economic aid. Given the current economic climate and budgetary restraints, the Task Force supports Hon. Nick Rahall's very modest request for \$15 million in foreign assistance for Lebanon for FY 94.

In recent years, assistance to Lebanon has been distributed through PVO's. We would like to request that \$10 million continue to be distributed through PVO's. We also suggest that \$5 million be distributed through the Lebanese government to establish a department of statistics, with the project being executed by the United Nations Development Programme, the World Bank, and the International Monetary Fund. There seems to be a strong consensus among those involved in international finance and economic development that the creation of a department of statistics should be a number one priority. The estimate to construct the building, acquire the computers, and employ the statisticians is \$5 million. Lebanon currently has no database and it is impossible to do any sort of planning without GNP indicators and household surveys. In a speech entitled "Key Issues in the Reconstruction of Lebanon" given on January 5, 1993 before the Allied Social Sciences Associations in Anaheim, California, Dr. Louis Hobeika, a financial economist with the World Bank, said the following about rebuilding the department of statistics:

This is necessary if we want to have any long term strategy. We have to rebuild the files and bring back the experts who are working all over the world. International Institutions, donors and economic partners require that the country possess a full set of reliable statistics.

We would like to recommend that leverage funding and fund matching be used for AID projects, with private sector participation. This process will mobilize capital, promote cooperation among donor countries, reduce duplication, and increase the scale of projects undertaken. The World Bank is well suited to coordinate these multilateral projects. We understand AID welcomes the concept of leverage funding.

Two very important areas in which U.S. assistance could be used to foster Lebanese reconstruction are the training of public administrators and vocational training. Public administration was substantially weakened during the war and many of the ministries and public agencies expected to oversee rehabilitation are woefully understaffed in the upper and middle grades and this is currently a major bottleneck in the reconstruction process. The American University of Beirut is currently undertaking, in cooperation with the Economic Development Institute of the World Bank, an 18-month comprehensive program of training and retraining civil servants in areas concerned with economic and financial management. This program is financed by grants from the Arab Fund, Kuwait Fund, and OPEC Fund. The Lebanese construction industry needs to be revitalized to undertake the anticipated mammoth rebuilding and so we recommend that some U.S. assistance be appropriated for vocational training and small-scale development. There are tens of thousands of unemployed youth and former militiamen and vocational training would help integrate them into the economy. Small-scale development complements vocational training by helping those completing the programs set up small businesses.

The American Task Force for Lebanon supports more foreign assistance being channeled through indigenous Lebanese PVO's that have a history of sound accounting. We are vitally concerned that the aid given to Lebanon reaches all those in need and reasonable amounts be used for administration. There are Beirut-based auditing firms that have the ability to check the fiscal responsibility of Lebanese PVO's.

Under the Small Value Procurement program, US-AID gave to indigenous Lebanese PVO's \$190,000 for FY. 90, \$300,000 for FY 91, and \$400,000 for FY 92. The American Task Force for Lebanon would like to see this trend continue. This is not to say that US-based PVO's do not play a vital role for the Lebanese. Some of them have extremely low overheads, even comparable to the Lebanese PVO's. We wish to acknowledge and thank organizations such as Save the Children, Catholic Relief Service, YMCA, UNICEF, World Rehabilitation Fund, the Near East Foundation, and the American Red Cross for their exceptional performance in dispensing aid.

We further request a minimum provision of \$400,000 in IMET funds for Lebanon. Our organization is in full agreement with the Administration and State Department policy to continue the tradition of training Lebanese soldiers in the United States "in order to foster values consistent with the role of the armed forces in a democratic state".

A strong Lebanese Army is essential to the withdrawal of all non-Lebanese forces. An army capable of securing Lebanon's borders and protecting its citizens is mandatory if Lebanon is to exercise its sovereignty and safeguard its territorial integrity.

Mr. Chairman, we know that the subcommittee is concerned that foreign assistance creates dependency among recipients. We want to draw attention to the Lebanese people's

character--their chief asset. Lebanon--a country with few natural resources but diligent people--was an economic success. Dependency is anathema to the Lebanese.

Mr. Chairman, we wish to thank the United States for being a leader in humanitarian assistance for Lebanon. Our members are now looking beyond disaster relief this fall and planning a two-day Conference on Lebanon's Reconstruction to be attended by United States policymakers and agency representatives, Lebanese decision-makers, the expatriate Lebanese business community, multinational corporations, representatives of traditional donor countries, and international financial institutions to address Lebanon's critical reconstruction needs.

Senator LEAHY. How much is being received now? Is it about \$10 million?

Mr. CODY. \$10 million.

Senator LEAHY. And you want to increase that to \$150 million?

Mr. CODY. No, no; \$15 million. We would like to do it at \$150 million.

Senator LEAHY. Yes, I misunderstood you. We all heard \$150 million here. That is why you suddenly had our attention more than you had before. That is why.

Mr. CODY. We would like to increase it to \$150 million, or even more than that.

Senator LEAHY. I was checking my pockets.

Thank you, Mr. Cody.

Mr. CODY. Thank you.

STATEMENT OF GHASSAN RAAD, MEMBER OF THE POLICY AFFAIRS COMMITTEE OF THE NATIONAL ALLIANCE OF LEBANESE AMERICANS

Senator LEAHY. Mr. Raad.

Mr. RAAD. My name is Ghassan Raad, a former professor of political science. And presently the political struggle on behalf of the Lebanese and the liberation of Lebanese from occupying foreign forces are my full-time occupation.

I am here today as a member of the NALA organization, an American organization committed to the liberation of Lebanon from all occupying, non-Lebanese forces. As a dual-citizen of the United States and Lebanon, I speak on behalf of the oppressed people of Lebanon who are suffering the indignities of occupation.

I do so as a loyal U.S. citizen, having in mind the ultimate American interests in mind, of course.

Mr. Chairman, the Lebanese today live in a period of false peace and tranquility, as Lebanon is fully occupied, and no decision can be taken by any Lebanese official without the consent of his Syrian counterpart as stipulated in Treaty of Brotherhood and Cooperation of May 13, 1991. The Syrians interfered in every aspect of our national life, making life in a supposedly independent Lebanon a nightmare and a mockery.

The question we are addressing today is whether or not this subcommittee should allocate funds to the Syrian-controlled Government of Lebanon. Our answer is categorically no. Because any funds allocated to Lebanon will end up in Syria.

I am trying to skip over my written notes.

Senator LEAHY. I will read your whole statement, and it will be part of the record.

Mr. RAAD. Thank you very much.

Senator LEAHY. I would like you to highlight the points you really want me to remember.

Mr. RAAD. Exactly.

So we are against aid to the Government of Lebanon directly, because this aid will end up in Syria, since Syria controls Lebanon and since there is a treaty that is very clear and specific as far as this control is concerned. They call it cooperation. They call it whatever they want to call it. In reality, it is nothing but full occupation, and nothing can be done in Lebanon by any Lebanese, any Lebanese, including that Lebanese who has some money, without the consent of the Syrians.

The question we are addressing today, Mr. Chairman, is whether or not, of course—

Senator LEAHY. You have not seen any change in that in the last year? Has this Syrian control remained the same for the past year?

Mr. RAAD. Not yet.

Senator LEAHY. I mean, is the control the same today as it was a year ago?

Mr. RAAD. It is even more, Mr. Chairman.

Senator LEAHY. Even more. Thank you.

Mr. RAAD. Mr. Chairman, we feel the Lebanese have suffered enough after 16 years of war and an ongoing occupation. They should not continue to suffer the consequences of some bad decisions by some bureaucrats connected to the imposition of the travel ban against Lebanon.

While in NALA we strongly support the travel ban imposed on United States citizens from traveling in and through Lebanon on United States passports as necessary for the protection of United States citizens, we oppose, nonetheless, the new restrictions imposed by the Department of Transportation that now prohibits anyone traveling to Lebanon from the United States from obtaining airline tickets from an American point of origin to Beirut International Airport.

PREPARED STATEMENT

It is our hope, Mr. Chairman, one day we will see some of you in Beirut, the center of American cultural and educational influence throughout the region, as demonstrated by two institutions—the American University of Beirut and Beirut University College. It is also NALA's hope that one day we can recommend to this committee the allocation of funds to the Government of a sovereign, free Lebanon.

We also hope to recommend one day the lifting of the travel ban to a capable, sovereign Lebanon.

Thank you very much.

Senator LEAHY. Thank you very much.

[The statement follows:]

STATEMENT OF GHASSAN RAAD

INTRODUCTION

My name is Ghassan Raad. I am a Member of the Policy Affairs Committee of the National Alliance of Lebanese Americans (NALA). NALA is a tax exempt charitable organization whose primary mission in the United States is to inform and educate our fellow citizens regarding issues of Lebanese/American interests, and to bring a heightened sense of awareness to our fellow Lebanese Americans of Lebanon's rich cultural heritage.

NALA wishes to thank the Committee for honoring its request to submit this Testimony to the Subcommittee.

BACKGROUND

Since the Subcommittee last formally considered foreign assistance requests in 1992, new events have occurred that have taken Lebanon even further down the road to absorption into the police state known as the Syrian Arab Republic. First, the Taif Policy for Lebanon finally collapsed. This ill-fated policy initiative of the Bush Administration, intended to establish political reform of the Lebanese Government, to provide for the disarming of militia and for the withdrawal of non-Lebanese military forces, was instead exploited by Hafez al Assad of Syria to consolidate his control of Lebanon. The one promise of Taif for the eventual reemergence of Lebanese independence, a supposedly hard deadline of September 22, 1992 for a Syrian redeployment out of Greater Beirut and into the Bekaa Valley, was cynically broken by the Syrians. On September 22, 1992, Syrian Foreign Minister Farouk al Sharaa, according to *Paris Radio Monte Carlo*, said there was no specific date for Syrian withdrawal set in Taif. Later in a November 17, 1992 interview with the pro-Syrian newspaper, *As Safir*, Syrian Vice-President Abdel Halim Khaddam stated that the two year period specified in the Taif Accord did not commence until the Lebanese constitutionally "cancelled confessionalism". Senator Don Reigle has cosponsored a Concurrent Resolution with Senators Mitchell, Dole, Levin, Pell, Moynahan, Brown and Wallop expressing the sense of the Congress urging the withdrawal of Syrian forces from Lebanon and proposing a series of economic sanctions toward that end. NALA supports this resolution.

Concerning the Syrian commitment to "assist" in the disarming of all militia, including Hezbollah and certain armed pro-Syrian PLO factions, Syrian Vice President Khaddam denied that these forces are to be disbanded under Taif. Rather, in the same interview with *As Safir*, Khaddam asserted that these were properly classified as *resistance forces* legitimately waging war against Israel. Rather than disband Hezbollah, Khaddam asserts that U.S. policy sanctions it. The Taif Accord, which defines U.S. policy on Lebanon states:

"The regaining of [Lebanese] government authority to the international borders with Israel requires the following: . . . Taking *all necessary measures* to liberate the Lebanese territories of Israeli occupation." (emphasis added)

Thus, rather than disarm Hezbollah, Syria has facilitated its resupply as these Fundamentalist guerrillas have mounted new cross border assaults in Southern Lebanon, triggering new and more devastating Israeli retaliatory raids into Lebanon. Not only has this Syrian activity been in flagrant violation of U.S. policy on Lebanon, but it has adversely affected the Peace Talks, America's principle initiative in the region. The Bush Administration did not even protest this Syrian application of U.S. Policy. The Clinton Administration, though it has protested, has taken no steps to remedy the problem.

The second set back suffered by Lebanese independence in the past year has been the holding of Lebanese Parliamentary elections last August. Though the Lebanese had demanded elections, all conditions designed to insure a free and fair process in which all Lebanese could freely participate, were flagrantly disregarded by the Syrian occupation force. Expatriate and displaced Lebanese were not allowed to vote. Near total boycotts were staged in heavily populated districts. Joseph Matar, writing in the May 6, 1993 issue of the Jerusalem Report noted:

"The Christian boycott of last summer's National Assembly elections has resulted in an almost total absence of the anti-Syrian opposition from political life at a crucial moment in Lebanese history. . .

. . . the Christian half of the Assembly is made up of . . . pro-Syrian politicians who represent almost no one. Some were elected with as few as 15 votes."

Where voting did take place, we have first hand reports that citizens were encouraged at gunpoint to vote for Syrian backed candidates. This parliament, stacked with pro-Syrian Deputies, including members of the Hezbollah militia and led by Amal

Militia Chief, Nabih Berri as its Speaker, is in no way representative of the Lebanese people.

The Bush Administration chose to recognize this farcical exercise as a valid election, merely expressing its regret that the results were not more representative of the Lebanese people.

THE LEBANESE GOVERNMENT: A SUBSIDIARY OF THE SYRIAN REGIME

As was the case last year, it is now virtually impossible for U.S. foreign assistance to be made available to the Syrian sponsored surrogate regime of Elias Hrawi, while at the same time be in compliance with the Foreign Assistance Act. Syria has not been certified by the President under §481(h) of the Act as it remains on the State Department's list of terrorist sponsoring states as published in *Patterns of Global Terrorism 1992*. The May 17, 1993 issue of Near East Report reports the following regarding the State Department report:

"... [D]espite its willingness to enter into peace talks with Israel and its efforts to improve relations with the U.S., Syria continues 'to provide support and safe haven' to Palestinian rejectionists and other terrorist groups, including Hezbollah; the PFLP-GC; Islamic Jihad; The Abu Nidal Organization (ANO); and the Japanese Red Army. It observes that the Kurdish terrorists organization PKK 'is responsible for [numerous] terrorist incidents in Turkey, including bombings in public places and the kidnapping of foreigners. PKK leader Ahmed Ocalan uses Syria as his residence and base of operations, with Syrian Government knowledge and support.

The State Department adds that the Turkish terrorist group Dev Sol, which maintained training camps in the Syrian-controlled Bekaa Valley of Lebanon in 1992, 'killed three Westerners in Turkey, including two Americans, in terrorist attacks in 1991, and was responsible for two rocket attacks against the U.S. Consulate in Istanbul in 1992.'

The Lebanese Government, in both its Executive and Legislative Branches, is little more than a wholly owned subsidiary of the Assad government in Damascus. The May 13, 1991 Treaty of Brotherhood and Cooperation formalized the relationship between the Lebanese and Syrian Governments by its creation of a pyramid of interlocking directorates and ministries binding the governmental operations of the two states together. At the top of this pyramid is the "Supreme Council". Comprised of the president's of the two states, Assad of Syria and Hrawi of Lebanon, its purpose, according to the treaty is as follows:

"... [To] chart the general policy for coordination and cooperation between the two states in the political, economic, security, military and other fields. It also supervises the implementation of this policy and adopts the plans and decisions that are made by the executive body, the foreign affairs committee, the economic and social affairs committee, the defense and security affairs committee and any committee that is established in the future. . ."

Assistant Secretary Djerejian, in his testimony before the House Subcommittee for Foreign Operations, in reply to a question posed by Congressman Livingston of Louisiana regarding this point, assured the Congressman that any U.S. aid going to the Lebanese Government would not be diverted to the Syrian Government. Lebanon, he said was not a conduit for economic aid to Syria. In light of this Treaty which Mr. Djerejian applauded, we ask you to have him explain the basis for the assurance he gave to Congressman Livingston.

As long as Syria remains in the terrorist and drug trafficking business, and the May 13, 1991 Treaty between Lebanon and Syria remains in effect, NALA recommends that the United States continue with its policy of opting for PVO's rather than the government in Beirut as the more efficient and legal recipient of U.S. aid directed for Lebanon.

RECOMMENDATIONS FOR AID

After 16 years of war, infrastructural damage to the electrical power grid, the water purification and distribution systems, roads and bridges, public buildings and the health care system remain in ruins. Electricity in Beirut is even now intermittent. However, the damage to Lebanon's human resources is even greater. The strong traditional families of Lebanon have been broken as 750,000 Lebanese have been made refugees. There is poverty, drug gangs and prostitution. The drug culture that has arisen under Syrian occupation has generated 50,000 cocaine addicts and 40,000 heroin addicts. Education in Lebanon, once a matter of pride, now has fully 50% of children age 11 to 17 not even attending school. The war has destroyed 35 schools, severely damaged 290 more and closed another 323. The war has generated 200,000 deaths, 300,000 injuries and rendered 50,000 Lebanese physically disabled. Yet Lebanon's seven rehabilitation centers can only treat 3,000 patients at any one time. This has caused a great deal of human suffering. Those without means are being forced to do without or to leave the country and become refugees. To ease this human suffering, NALA continues to recommend that emergency relief be channelled into the country directly to the people through private relief agencies that are already on the ground attempting to meet the overwhelming need for their services. NALA recommends, specifically, the International Committee of the Red Cross as an

effective means of delivery of services. NALA also recommends the Catholic Near East Welfare Association, operated through the offices of John Cardinal O'Connor of New York. This Association, through the Pontifical Mission office in Lebanon is performing immeasurable work through major programs to bring medical and housing reconstruction assistance to Lebanon's new class of people living in poverty. His efforts must be rewarded and fully funded.

NALA also specifically recommends an appropriation to assist the American University of Beirut (AUB) and Beirut University College (BUC) system of universities that maintain campuses in all parts of Lebanon. This system operates virtually independent of other agencies of the Lebanese government and has remained free of foreign influence and corruption. I would like to comment on the significant role played by BUC in Lebanon. BUC, like the American University, is an important asset for the United States in Lebanon and the Middle East. By educating Lebanese of all communities in an American-style, liberal arts setting, BUC plays a vital role in enhancing Lebanon's unity, independence and redevelopment for those Lebanese who can not attend the American University at Beirut. I am quite pleased that appropriations for these two institutions which had been deleted last year was restored to the AID package for Lebanon. I commend the Subcommittee for restoring this funding. It is in the interest of the U.S. and of Lebanon for the U.S. to continue to support BUC and AUB in its aid program for Lebanon.

For the limited purposes which I have outlined, NALA recommends a total aid package of \$20 million dollars during FY 1994.

THE HRAWI REGIME, ITS CORRUPTION & HUMAN RIGHTS RECORD

Finally, NALA recommends to the Committee that it seriously question the basis of the continuation of the Administration's support for the Hrawi regime. Various news reports tell a grim tale of unprincipled, non democratic conduct on the part of this regime that is becoming more a clone of its autocratic sponsor, than the democratic engine of reform that the U.S. assumes that it is, or can become. The Lebanese people have lost their patience with this imposed regime.

On November 23, 1992, the Preliminary Staff Report of the House Committee's Subcommittee on Crime and Criminal Justice, entitled *Syria, President Bush & Drugs -*

The Administration's Next Iraqgate was issued. In it, the Subcommittee made a finding that the Bekaa Valley, under Syrian occupation has become "one big processing lab" for cultivating and refining opium into heroin and cannabis into hashish. It stated that the Syrian directed Lebanese drug trade generates up to \$5 billion dollars annually; that it accounts for over one-half of Lebanon's foreign earnings; and that the Syrian government receives up to \$1 billion dollars annually from its Lebanese narcotics industry, representing some 20% of Syrian national income. Many officials of the Hrawi regime and the Hariri government have also been corrupted by the vast amounts of western currency generated by this underground economy that is allowed to thrive in Syrian occupied Lebanon.

Regarding its record on human rights, the Hrawi Government has been made the subject of an *Urgent Action Release* issued by Amnesty International issued on December 11, 1992. The Release warned of imminent government torture of more than 200 Lebanese who staged a protest on the commemoration of Lebanese independence, November 22. These persons were arrested without warrants, detained without bond, either tortured or ill-treated, and 11 have been turned over to the military for prosecution. They have been charged with the offense of distributing leaflets calling for Lebanon to become "truly independent" and for an end to the occupation of Lebanon. Some of these prisoners of conscience are being detained at the Defense Ministry, where Secretary of State Warren Christopher met with Lebanese government officials on February 22, 1993 and called for essentially the same things.

On April 30, 1993, it was reported that Lebanese security forces closed the International Communications Network TV, ordering the evacuation of the studios. The TV station had been airing video footage of on the street interviews in which persons were critical of the ineptitude of the Hariri government's attempts at dealing with the economic crisis of the country. According to UPI, the State prosecutor ordered the station closed because it broadcast tapes, news and images that undermine national unity and security. The owner could face 1-3 years in prison.

Security forces also suspended publication of the newspaper *Nida al-Watan* for publishing articles critical of Prime Minister Hariri's purchases of vast tracts of Lebanese land.

Finally, on May 6, 1993, AP reported that a Lebanese Military court, authorized under the Hrawi regime, ordered that the 6 terrorist charged *in absentia* with the April 1983 bombing of the U.S. Embassy at Beirut in which 62 persons were killed, would not be prosecuted due to the general grant of amnesty that the pro-Syrian regime has promulgated for all "political" crimes committed from 1975-1991.

Deputy Secretary for NEA Edward Djerejian has stated that more than mere foreign assistance will be required to rebuild Lebanon. He stated that nothing less than the repatriation of Lebanese wealth will be required. Yet, the greatest single detriment to that repatriation is the existence of the Hrawi regime in Beirut, its corruption, its open violation of human rights and its subservience to its autocratic socialist occupier, Syria. No amount of rearranging will cure the credibility gap that this regime suffers with the Lebanese people, both resident and expatriate. Only the replacement of this regime with a democratically elected government, accountable only to the Lebanese people, will cure the Lebanese political and economic crisis and engender the confidence needed in the expatriates to return and rebuild Lebanon. The best foreign aid program that the United States could offer the Lebanese is to assist them in removing the Syrian government and its influence from the institutions of the Lebanese Government.

A NEW PRESIDENT SHOULD BRING A NEW POLICY

President Clinton campaigned against the Bush appeasement policy that has allowed Lebanon to lose its independence to Syria. In a major foreign policy address given in Milwaukee, Wisconsin, the President specifically said, *"I believe that we can and must work with others to build a more democratic and more free Lebanon."*

In a statement issued by the Clinton/Gore Campaign on September 8, 1992, the future President stated:

"If a more representative government is formed, it should be possible for the U.S. to strengthen that government and enhance its independence through such steps as restoration of consular services and the AID mission, and provision for targeted economic development assistance. Obviously, the withdrawal of Syrian troops is essential to Lebanon's regaining its independence."

While we applaud the statements made by Secretary Christopher during his recent trip to Beirut restating the U.S. commitment to a Syrian withdrawal from Lebanon and of the desire of the U.S. government to restore the channeling of aid

directly to the Lebanese Government, we caution that if this new president is to have a new policy, it must be that the stated policy match its implementation. The appeasement of the Assad dictatorship must end. The demand for the removal of Syrian forces from Lebanon must be unconditional and backed with sanctions, and that a "more representative government be formed" through the calling for new parliamentary elections, this time with internationally guaranteed procedural safeguards to insure that the results are representative of the will of the people.

THE TRAVEL BAN

Though NALA supports the travel ban imposed on U.S. citizens from traveling to, in or through Lebanon on U.S. passports as necessary for the protection of U.S. citizens and to maintain pressure on the Hrawi Regime, NALA opposes the new restrictions imposed by the Department of Transportation that now prohibits *anyone* traveling to Lebanon from the U.S. from obtaining airline tickets from an American point of origin to Beirut International Airport. The restriction requires Lebanese nationals to either go through the rather expensive procedure of obtaining a transit visa in Europe so as to purchase an airline ticket to Beirut in Europe, or to ticket their flight to Damascus then drive to Lebanon. The net result is a boon for the Damascus Airport, while striking economically at the Lebanese people. This is quite ineffective in pressuring the Lebanese government. In fact, it plays into the hands of the Syrian government to further profit from its occupation of Lebanon. Therefore, we oppose this policy and seek its reversal.

SUMMARY

Our requests to the Committee can thus be summarized as follows:

1. Continue, for the short term, to utilize the PVO's as the best means of delivering U.S. aid to the suffering people of Lebanon.
2. Continue to support AUB and the BUC system which operates independently of other agencies and bureaus of the Lebanese government and which is free of corruption.
3. To demand that Syria not impede the Lebanese in their determination to disband and disarm the Hezbollah and PLO militias that still operate on Lebanese soil.
4. To demand the unconditional compliance of Syria with the withdrawal of its

forces from Lebanon under threat of economic and diplomatic sanctions should it fail to comply.

5. Support renewed Lebanese Parliamentary elections, but only if conducted under the following three minimum conditions to insure a democratic result:

- a. They should occur only *after* the redeployment of the Syrian Army to the Bekaa Valley, and only if the withdrawal is complete, including troops, equipment, security forces and secret police known as the *mukabarat*.
- b. There should then be international monitoring of the election process.
- c. The right of all Lebanese to vote, including citizens in the expatriate community, must be recognized and respected by their participation in the process at all levels.

The failure of any one of these minimal conditions to be met must result in the United States withholding its diplomatic recognition to any "government" that produced thereby.

6. Finally, it is in the long term strategic interests of the U.S. that Lebanon be reestablished as a moderate stable independent republic. The absence of an organized countervailing political force to the near monopoly enjoyed by pro-Syrian factions in the Lebanese government militates against U.S. interests. Accordingly, the U.S. should facilitate and certainly not retard efforts of the Lebanese opposition to regroup, to define a political agenda for reform and to campaign in Lebanon for the adoption of those reforms through the vehicle of a national referendum. Until then, the U.S. should require the Hrawi regime to be made responsible for any and all violations of international law or Resolutions of the United Nations that occurs in or emanates from any part of Lebanese national territory. To maintain our diplomatic and political leverage toward these ends, the U.S. should place as conditions on its continued diplomatic recognition of the Hrawi regime that it prosecute criminal behavior and public corruption that occurs within its ranks, including the bringing to justice of those who criminally murdered American diplomatic personnel and Lebanese civilians in the 1983 American Embassy bombing; that it maintain and protect the basic human rights of the Lebanese people to fully exercise rights of self determination by full participation

in democratic elections; and that it guarantee fundamental civil rights to freedom of speech, freedom of thought, freedom of the press and due process of law with regard to life, liberty and property.

Should the Hrawi government prove incapable of comporting itself towards its citizens in compliance with basic standards of human and civil rights to which all democratic governments are bound, then the U.S. should encourage and support the Lebanese people in their efforts to form an effective opposition that can present a viable alternative reform program, that genuinely addresses the weaknesses in the Lebanese political system and that will comply with basic standards of human and civil rights which is the hallmark of democratic government.

Thank you.

STATEMENT OF REV. SEELY BEGGIANI, COMMISSION FOR LEBANON

Senator LEAHY. Mr. Beggiani.

Reverend BEGGIANI. Thank you, Mr. Chairman.

It is a pleasure being with you again.

Senator LEAHY. We always look forward to seeing you here.

Reverend BEGGIANI. I trust that my full text will be in the record.

Senator LEAHY. Of course it will.

Reverend BEGGIANI. I also will try to highlight my points.

I might say at the beginning that it is always an interesting experience being on a panel of my fellow Lebanese-Americans. I would like to perhaps tie to the two previous—

Senator LEAHY. You all agree, do you not, on everything?

Reverend BEGGIANI. Without any qualifications.

Senator LEAHY. All Lebanese-Americans agree with each other on all issues? Sort of like all Irish-Americans do. [Laughter.]

Reverend BEGGIANI. I think it is a reflection of the Lebanese sense of democracy throughout the centuries, Senator.

Senator LEAHY. To be able to debate.

Reverend BEGGIANI. To express our views without any fear.

Senator LEAHY. I know exactly what you mean.

Go ahead, sir.

Reverend BEGGIANI. On the one hand, I, too, regret the fact that we have a great Syrian occupation in Lebanon. And in my testimony I point out that I was very happy to see that Secretary Christopher came out again with the statement when he was in Beirut that he wants all non-Lebanese forces to withdraw from Lebanon.

Also, we support his statement that all militias should be disarmed. But especially important is the ongoing American policy that Lebanon's territorial integrity and independence be affirmed. And I trust that since every Secretary of State and every President has been saying this for the last 30 years that it will be implemented by the American Government. And I hope that this would tie in with what my predecessor was just talking about.

On the other hand, I am much concerned about the Lebanese people. They are the ones who have suffered for the last 16 years. The ordinary person is trying to get on with his life. I am sure that most Lebanese do not want to be occupied either by Syrians or by Israelis. But I am concerned that if we Americans do not show some positive material gesture, besides our moral gestures, that the Lebanese people will lose heart.

And it is for this reason that I am pleading that the American Government show many positive gestures toward Lebanon.

I want to emphasize that Lebanon has had a long history of democracy. And the Lebanese people are a democratic people who, with a little help from the outside, can do marvelous things. And most important, I do believe it is in America's interest to help the country of Lebanon. Lebanon is a democracy. As I mentioned last year in my testimony, sometimes a little frustrated that our friends down south in Israel claim that they are the only democracy in the Middle East. That is not true.

We have always had a multiparty system in Lebanon, and despite what has happened even in last fall's elections, there is still the desire to continue that multiparty system. So I believe it is in the United States' interest to support a country such as Lebanon that is striving to keep that multiparty system.

Also, Lebanon, as I mentioned last year, has been a model throughout the decades of a country where a plurality of religions and cultures live together.

I support the idea of \$15 million earmarked for Lebanon. And I would like to close with my last paragraph of my text.

PREPARED STATEMENT

As we proceed in the post-cold war era, we are learning that the course of democracy throughout the world is often difficult and unpredictable. Seeming advances are met with new setbacks. The birth and growth of democracy in any country is a delicate and painstaking process. In the nation of Lebanon, we have a tradition of democracy already ingrained in the hearts and minds of the people for many decades. Years of war and violence that would have destroyed a larger nation have not diminished the desire of the Lebanese people to be free and democratic. Despite the strong limitations on foreign aid this year, we believe that whatever we Americans can do to help Lebanon will be a wise investment not only in the life of a deserving people, but in the future of democracy in an area of the world that sorely needs it.

Thank you, Mr. Chairman.

Senator LEAHY. Thank you very much, sir.

[The statement follows:]

STATEMENT OF REV. SEELY BEGGIANI

Mr. Chairman, Members of the Committee, I represent the Diocese of St. Maron -- U.S.A., which consists of Maronite Catholics found throughout the United States. Since most of our members are Americans of Lebanese descent or recent Lebanese immigrants, we have a deep concern and abiding interest in the country of Lebanon.

The time has come to take a new look at Lebanon. Lebanon today is no longer a place of warfare and violence. It is again a place where people are seeking to get on with their lives and to assume their role among the community of nations. However, the many years of conflict have taken their toll not only in the loss of life and homes, but also in the almost complete destruction of the nation's economy and infrastructure.

We subscribe wholeheartedly to U.S. foreign policy goals toward Lebanon, which were again affirmed by Secretary of State Warren Christopher on the occasion of his visit to Beirut on February 22, 1993. He declared America's "commitment and support for the Lebanese Government, for its effort to achieve independence and territorial integrity, for the dissolution of armed militias and for the withdrawal of all non-Lebanese forces." (The New York Times, February 23, 1993)

We believe that the nation of Lebanon and its people are deserving of economic, military, and humanitarian help, including assistance from the United States. The peaceful and freedom-loving people of Lebanon have suffered years of war and agony, and yet have persevered. They are intelligent, educated and resourceful, and with a relatively modest amount of financial and material support can achieve a miracle of national rehabilitation.

But, there are other considerations that make it in America's own interest to help Lebanon. Lebanon is a democracy and its constitution guarantees fundamental human freedoms. Lebanon in the past, and Lebanon again, can become a model of a broad diversity of religions and cultures living together in mutual respect.

As mentioned above, Lebanon's economy and infrastructure have undergone severe damage. During the past couple years, rebuilding has proceeded at a very slow pace, that has in turn seriously depressed the morale of the people. In recent months the World Bank and other countries have pledged aid for Lebanon. A positive and substantial gesture of help by the United States would not only hasten the process of recovery, but would encourage Lebanese who have left the country to return, and private sources to invest in the future of Lebanon.

We are distressed that our government has continued to impose a ban on travel to Lebanon. We are aware that while security has greatly improved in Lebanon, new risks can still arise. However, we do not believe that Lebanon today is any more dangerous than some other countries where travel is permitted. In the meantime, the travel ban is not only a hardship and perhaps a violation of rights of American Lebanese who would want to visit the land of their ancestors, but also a contradiction of public statements by American officials encouraging economic investment in Lebanon.

With the great needs facing Lebanon, we would have liked to request an aid package in the amount of \$100 million. However, recognizing the present budget constraints, we are asking that aid in the amount of \$15 million be earmarked for Lebanon. This relatively modest amount would however symbolize America's commitment to a revitalized Lebanon with a hopeful future. Beyond the financial assistance to private volunteer organizations, we believe that the United States can provide help in various forms to the Lebanese Government as it proceeds in the work of reconstruction on the national level.

We would again like to call to your attention to the work of religious humanitarian institutions in Lebanon. We are especially familiar with the humanitarian program established by the Maronite Patriarch and Bishops. Its work is directed toward the broad range of human needs in Lebanon, including food, health care, schools, and housing. Its aid is distributed solely on the basis of need, with no distinction as to religion or any other criteria.

When considering the assistance directed to such educational institutions as the American University of Beirut and Beirut University College, we hope you would also keep in mind the fine cultural and educational contribution made by universities such as the University of the Holy Spirit at Kaslik, the Jesuit University of St. Joseph in Beirut, and the University of Notre Dame of Loazé. These above institutions are all committed to teaching the cultures and values of East and West.

As we proceed in the post-cold war era, we are learning that the course of democracy throughout the world is often difficult and unpredictable. Seeming advances are met with new setbacks. The birth and growth of democracy in any country is a delicate and painstaking process. In the nation of Lebanon we have a tradition of democracy already ingrained in the hearts and minds of the people for many decades. Years of war and violence that would have destroyed a larger nation have not diminished the desire of the Lebanese people to be free and democratic. Despite the strong limitations on foreign aid this year, we believe that whatever we Americans can do to help Lebanon will be a wise investment not only in the life of a deserving people, but in the future of democracy in an area of the world that sorely needs it.

STATEMENT OF IMAD HAGE, CHAIRMAN OF THE GOVERNMENT RELATIONS COMMITTEE, COUNCIL OF LEBANESE AMERICAN ORGANIZATIONS

Senator LEAHY. Mr. Hage.

Mr. HAGE. Thank you, Mr. Chairman.

My name is Imad Hage, and I am the chairman of the Government Relations Committee for the Council of Lebanese American Organizations. I am also the president of the United States-Lebanese Chamber of Commerce.

I would like to remind you, Mr. Chairman, that the overwhelming majority of the people of Lebanon, as early as 2 years, despite 17 years of war, have set the priorities straight by overwhelmingly rejecting the Taif accord at the expense—taking into consideration refusing to dictate their actions and make it subject to Syrian dictate, even if that is at the expense of their economic well being.

Mr. Chairman, allow me to present our views for this committee. The situation in Lebanon continues to be a matter of very deep

concern to all American Lebanese. While many nations throughout the world have experienced a renaissance of freedom and democracy during the past 3 years, Lebanon is entering the dark ages by being annexed by Syria. All of us who care deeply about Lebanon must work together for its return to the family of free nations.

Lebanon is no more a sovereign country. More than 40,000 Syrians troops control 90 percent of its territory. The Syrian-installed officials occupy all positions of Lebanon's Government, parliament and army. Lebanon's domestic and foreign policies now reflect Syrian objectives and not Lebanese needs.

No decision can be taken in Beirut without authorization from Damascus. The best example is the Middle East peace talks, where the present Lebanese delegation follows Syrian directives in deciding which round of talks to participate and which ones to boycott.

Today's New York Times article by A.M. Rosenthal is indicative of the climate prevailing today in Lebanon.

One of the most damaging aspects to Lebanese independence were the parliamentary elections held in 1992 under Syrian occupation to ensure the assumption of power to the deputies of political affiliation to Syria. The elections were rigged before they started, as Abdelhalim Khaddam, the Syrian Vice President put it, the candidates are Syria's friends.

In the area of human rights, Syria has launched a campaign of political cleansing in Lebanon aimed at eradicating any resistance which might emerge against the Syrian occupation. Both Amnesty International and Middle East Watch have expressed concern over the human rights violations. Even the Lebanese Bar Association issued a statement accusing Syrian-imposed Hrawi regime of extrajudicial arrests.

In matters of free press, Syria has imposed a so-called charter of honor, whereas the Lebanese media has become like the government-run agencies in Syria or Iraq. Books, newspapers, magazines, and publications that do not fall in line with Syrian indoctrinations are being pulled off shelves. Even some children's books, theatrical plays, and comedies are now subject to censorship.

On April 29, 1993, the private television station of ICN was closed on charges of opposing the so-called Taif accord. On April 30, the opposition daily Nida' Al-Watan was suspended for exposing the Syrian-appointed Premier Rafic Hariri for his wide-range purchases of real estate.

On May 12, the daily As-Safir was closed for 1 week for printing the draft of an Israeli proposal made at the Middle East peace talks in Washington. On May 28, the daily al-Sharq was suspended for 1 week for publishing a cartoon criticizing Elias Hrawi and his corrupt practices.

The Lebanese Journalist Association condemned the crackdown on freedom of the press and demanded a cancellation of decree No. 104 that allows the Hrawi regime to stop publication of any paper even before the editors could defend themselves in court.

It should be noted here, Mr. Chairman, that the pro-Iranian Hizballah maintains newspapers, radios and TV stations in Lebanon that spread anti-Western, especially anti-American propaganda, and the Hrawi regime has never moved to limit Hizballah's political activities.

It is impossible, Mr. Chairman, under the corrupt Syrian-imposed authorities now at the helm of the Lebanese Government—70 percent of the money going to the public works contracts is being pocketed in kickbacks without any real work being done. Instead of initiating projects aimed at rebuilding Lebanon's infrastructure, billionaire Rafic Hariri is relying on his term as Syrian-installed prime minister to further improve his overall financial situation through manipulation of Lebanese currency, absorption of contracts made possible by foreign aid, confiscation of real estate, and the acquisition of large shares in banks, airlines, radio stations, and newspapers. The tentacles of the Hariri octopus are spreading across all aspects of Lebanese society.

It is the recommendation of the council that all appropriations by this committee be channeled through private assistance organizations, such as the International Red Cross, the Catholic Near East Welfare Association and Save the Children. It is also the council's recommendation that the appropriations committee carefully review, evaluate and, consequently, increase the aid package designated for Lebanon to \$60 million.

PREPARED STATEMENT

In conclusion, we kindly request that the recent position paper issued by the council and an open letter to Secretary of State Warren Christopher published in the Washington Times on February 12, both be included in the record.

We also urge you, Mr. Chairman, to support Resolution 28 introduced by Senator Riegle in consultation with the council that calls on the immediate withdrawal of Syrian troops from Lebanon.

Thank you very much.

Senator LEAHY. Thank you very much, Mr. Hage.

I appreciate your statement, too.

And, gentlemen, thank you very much. And thank you for your patience for staying here.

Your full statements, all of them, will be made part of the record. Thank you.

[The statement follows:]

STATEMENT OF IMAD HAGE

My Name is Imad Hage, and I am the Chairman of the Government Relations Committee for the Council of Lebanese American Organizations.

Thank you for giving me the opportunity to testify before your Subcommittee.

The Council is a federation of local, regional and national organizations representing the aspirations of three million Americans of Lebanese descent. The Council works to further the cause of freedom and sovereignty for Lebanon commencing with the immediate, complete and unconditional withdrawal of Syrian occupation forces from Lebanese territory. The Council acts to promote ties of friendship and cooperation between the United States and Lebanon based on the principles of democracy and human rights.

With this brief background information, allow me, Mr. Chairman, to present our views for this Subcommittee. The situation in Lebanon continues to be a matter of very deep concern to all American Lebanese. While many nations throughout the world have experienced a renaissance of freedom and democracy during the past three years, Lebanon is entering the dark ages by being annexed by Syria. All of us who care deeply about Lebanon must work together for its return to the family of free nations.

On the surface, Lebanon today appears to be calm and peaceful, giving the impression that all is well in the country. However, as president John F. Kennedy once said, "the absence of war does not necessarily mean peace." In today's Lebanon, a different kind of war is taking place -- a war launched by Syria and its appointed authorities in Beirut to eliminate the independent Lebanese identity, to annihilate all forms of freedom, and to create a police state similar to the ones in Syria or Iraq.

Lebanon is no more a sovereign country. More than forty thousand Syrian troops control ninety percent of its territory, and Syrian-installed officials occupy all positions of Lebanon's government, parliament and army. Lebanon's domestic and foreign policies now reflect Syrian objectives, not Lebanese needs. No decision can be taken in Beirut without authorization from Damascus. The best example is the Middle East peace talks, where the present Lebanese delegation follows Syria's directives in deciding which rounds of talks to participate in, and which ones to boycott.

ELECTIONS

One of the most damaging aspects to Lebanese independence were the parliamentary elections held in 1992 under Syrian occupation to ensure the assumption to power of deputies with political affiliation to the occupier.

The elections were rigged before they started. The electoral law was drafted according to Syria's designs. In some districts, the Lebanese would vote for two or three representatives. In other districts, they would vote for twenty or thirty. As to the candidates, according to Syrian Vice President Abdelhalim Khaddam, they are "Syria's friends."

In most areas of Lebanon, the Lebanese staged strikes on every election day to protest the electoral masquerade which was widely boycotted by an average of 80 percent of the electorate. In areas east of Sidon, 40 ballot boxes remained empty. In one district, a deputy was elected with only 40 votes. The effect of the boycott was even felt in the failure of many civil servants, who were supposed to head the polling stations, to show up for work.

The so-called elections were also characterized by general chaos, electoral disorganization and falsification of voter lists. Non-Lebanese families were seen casting their ballots. Other types of electoral cheating included stuffing ballot boxes and forging identity cards.

A Lebanese columnist wrote that over a third of the parliament was elected "without voters here, with the votes of the dead there, and by coercion and terror somewhere else...." (Abdelwahab Badrakhan, *al-Hayat*, Aug. 24, 1992)

The beneficiaries from these sham elections were individuals who have the most anti-western agenda. If elections in Lebanon were free and fair, these type of individuals would have had no "victories" to celebrate. It is the rule of fear, coercion and haste that is being practiced today in Lebanon.

During the presidential campaign, Democratic candidate Bill Clinton issued a statement describing the election results as "unrepresentative." French President Francois Mitterand said: "The holding of elections in the presence of a foreign army is deplorable."

HUMAN RIGHTS

In the area of human rights, Syria has launched a campaign of "political cleansing" in Lebanon aimed at eradicating any resistance which might emerge against the Syrian occupation. At a certain point, hundreds of innocent Lebanese were detained merely for distributing leaflets calling for the withdrawal of the Syrian army and the creation of a truly independent Lebanese government. In one incident, two handicapped persons were arrested. Those detained were denied legal counsel and family visits.

Both Amnesty International and Middle East Watch expressed concern over these human rights violations. Even the Lebanese Bar Association issued a statement accusing the Syrian-imposed Hrawi regime of extrajudicial arrests.

FREEDOM OF PRESS

In matters of free press, Syria has imposed a so-called "Charter of Honor" whereas the Lebanese media has become like the government-run agencies in Syria or Iraq. They propagate what the Syrian-installed government wants the people to hear instead of serving, as in all free societies, as a watchdog over the government's actions. A typical newscast on the TV in the evening talks about the daily schedule of high government officials and the so-called parliamentary committee meetings, the situation in Southern Lebanon and trivial non-political events.

Books, newspapers, magazines and any publication that does not fall in line with the Syrian indoctrination is being pulled off the shelf. Even some children books, theatrical plays, and comedies are now subject to censorship.

On April 29, 1993 the private television station ICN was closed on charges of "opposing the (so-called) Taif accord."

On April 30, the opposition daily Nida' Al-Watan was suspended for exposing the Syrian-appointed premier Rafic Hariri for his wide-range purchases of real estate.

On May 12, the daily As-Safir was closed for one week for printing the draft of an Israeli proposal made at the Mideast peace talks in Washington.

On May 28, the daily al-Sharq was suspended for a week for publishing a cartoon criticizing Elias Hrawi and his corrupt practices.

The Lebanese Journalist Association condemned the crackdown on freedom of the press and demanded the cancellation of decree number 104 that allows the Hrawi regime to stop publication of any paper before its editor can even defend himself or herself in court.

It should be noted here that the pro-Iranian Hizballah maintain newspapers, radios and TV stations in Lebanon to spread anti-Western, especially anti-American, propaganda. The Hrawi regime has never moved to limit Hizballah's political activities.

The United States should no longer ignore the Syrian crackdown on all forms of freedom in Lebanon. Certainly, the U.S., known for supporting democracy and freedom as important pillars of foreign policy, should not look the other way when it comes to Syria and its brutal occupation of Lebanon.

BRIEF ECONOMIC ASSESSMENT

The Syrian occupation is an economic burden weighing down heavily on the Lebanese. Lebanon is now classified as one of the poorest third world countries, whereas in the pre-war years its economic performance ranked it among the developed countries. The Lebanese pound which stood at 3.5 to the dollar in 1983 is now approximately 1,800 to the dollar. For a country that imports most of its food and consumer goods, this has put the price of much needed commodities out of reach for most Lebanese. Food, medical and educational assistance are now more essential than ever.

Today, the average salary in Lebanon equals 75 dollars a month, if one is able to find employment at all. To effect a recovery, Lebanon has to rebuild its infrastructure. The telephone system is in tatters, electrical supply is unreliable, and the water, road and sewage systems remain largely in disrepair. However, rebuilding is impossible under the corrupt Syrian-imposed authorities now at the helm of the Lebanese government. Seventy percent of the money going to public works contracts is being pocketed in kickbacks without any real work being done. Instead of initiating projects aimed at rebuilding Lebanon's infrastructure, billionaire Rafic Hariri is relying on his term as Syrian-installed prime minister to further improve his overall financial situation through manipulation of the Lebanese currency, absorption of contracts made possible by foreign aid, confiscation of real state, and the acquisition of large shares in banks, airlines, radio stations, and newspapers. The tentacles of the Hariri octopus are spreading across all aspects of Lebanese society.

CONCLUSION

It is the recommendation of the Council of Lebanese American Organizations that all appropriations by this committee to Lebanon be channeled through responsible private assistance organizations already in place in Lebanon who can and will verify that the aid is actually received by the Lebanese. The International Red Cross, the Catholic Near East Welfare Association and Save the Children are some groups that have worked successfully in Lebanon. Choosing any other channel, especially the puppet government in place today, then repayment for political favors, coerced cooperation of the people or the black market will be the determining criteria for the distribution of goods generously provided by the United States.

It is also the Council's recommendation that the Appropriations Committee carefully review, evaluate and consequently increase the aid package designated for Lebanon to sixty million dollars. Private voluntary organizations can do much to relieve the hunger and homelessness that used to be unknown in Lebanon.

In conclusion, we kindly request that a recent position paper issued by the Council and an open letter to Secretary of State Warren Christopher that was published in *The Washington Times* on February 12 be both included in the record because they summarize our views on several issues of importance to Congress. We also urge you, Mr. Chairman, and the members of your Subcommittee to support Senate Concurrent Resolution 28 calling for the complete withdrawal of the Syrian armed forces from Lebanon.

Thank you.

The Council's Statement on the Situation in Lebanon

We, the members listed below of the Council of Lebanese American Organizations (CLAO) that represent the aspirations of millions of Americans of Lebanese descent, wish to express our position regarding the current Lebanese situation. We believe that the status quo of accommodating the tyrannical "stabilization" of Lebanon under Syrian occupation must not be allowed to continue because of the following:

1. The sovereignty and continued independence of the Lebanese Republic, a founding member of the U.N. and co-signatory to its charter, are very seriously jeopardized by the ongoing occupation of its territory.
2. As a consequence of the condoning of this abnormal situation by the international community, the credibility of the United Nations is in question, in particular at a time when this world body has become the cornerstone of international peace. Because of the unique climate created by the Middle East peace initiative under American and Russian sponsorship, Lebanon must be allowed to participate freely in the negotiations so that any commitment on its part to a peace agreement would be genuine. Unfortunately, Lebanon is currently negotiating under Syrian directives and against its own interests.
3. The Lebanese people wish for a lasting solution which does not include the sacrifice of basic human rights and the freedoms they cherish. The economic and political failures of the Syrian puppet regime and its corrupt governments testify to the rejection by the Lebanese people of the *Pax Syriaana*.
4. The perception by the Lebanese people that their current miserable condition is endorsed by the U.S. plays against the long term interests of the U.S., as it alienates an entire nation which has always been a friend and ally of the U.S. The association of the corrupt leadership now imposed in power with the Syrian-American honeymoon, and the parallel longing of the Lebanese people for honest and accountable government, particularly the exiled government of Prime Minister General Michel Aoun, is a serious detriment to the friendship and credibility which the U.S. previously enjoyed in Lebanon.
5. Lebanon's fertile Bekaa Valley, a potential source of plentiful nutrition for the country and the region, has become synonymous with the shady underworld of narcotics thanks to a thriving multi-billion dollar per year drug industry run directly by the Syrian Secret Service. Portions of the same Valley and other parts of occupied Lebanon have been transformed into terrorist training camps and staging grounds under the watchful eyes of the Syrian occupiers.

In view of the above, CLAO supports the following measures aiming at a genuine and lasting peace in Lebanon:

1. The implementation of relevant U.N. Resolutions on Lebanon, especially Resolution 520 calling for "the strict respect for Lebanon's sovereignty, territorial integrity, unity and political independence and the withdrawal of all non-Lebanese forces from Lebanon." In parallel, the Lebanese National Army, supported by the United Nations Forces already in Lebanon, would take control of security over Lebanese territory.
2. The effective disarming of all militias on Lebanese soil, including Hizballah.
3. A reaffirmation of the basic principles of self-determination by restoring the right of the Lebanese people to free and fair elections under international supervision and after the withdrawal of all foreign forces. Only a freely chosen parliament and government should be entrusted with the task of formulating the future direction of Lebanon's internal political structure within the framework of the constitutional institutions of the country.
4. The restoration of the basic political freedoms of assembly and free speech, leading naturally to the exercise by all Lebanese citizens of their rights to organize, campaign and run in elections for public office.
5. The resolution of the Lebanese problem need not be conditioned to the resolution of the Israeli-Palestinian conflict. Lebanon's Palestinian population must be disarmed as it has been for decades in Egypt, Jordan, and Syria, while awaiting a solution.
6. The abrogation of all agreements between Lebanon and Syria which Lebanon was forced to accept under duress, especially the Taif "Agreement" and the Treaty of Brotherhood and Cooperation. The future relationships of Lebanon with its neighbors ought to be negotiated in the framework of respect for sovereignty and good relations. In particular, Syria must finally agree to exchange ambassadorial missions with Lebanon in an unambiguous recognition of Lebanon's independence and distinct character.

On the basis of these principles and measures, Lebanon can begin to reconstruct its economic base, provide for the welfare of its people and the education of its youth, and re-integrate itself in the family of productive nations. Lebanon's importance as a pluralistic and diverse nation in the Middle East is more than ever necessary, at a time when rising fundamentalism threatens the hopes for stability in the region.

A progress toward peace and stability would take place in the Middle East if all the countries in the region follow the path toward freedom and democracy. If these two ideals prevail in Lebanon, the prospects for them prevailing in the Arab World will be enhanced dramatically. Therefore, it is the responsibility of the international community to ensure the speedy restoration of Lebanon's independence and sovereignty and the creation of a peaceful, democratic, and prosperous future for the Lebanese people.

Members of the Council of Lebanese American Organizations (CLAO)

*American Lebanese Committee
American Lebanese Community Association of
Cleveland
American Lebanese Community of Las Vegas
American Lebanese Council of Detroit
American Lebanese Council of North Carolina
American Lebanese for Free Lebanon
American Lebanese of the Carolinas
American Lebanese Society of St. Louis
Americans for Free Lebanon
Americans for United and Sovereign Lebanon*

*Central Texas Association of Lebanese Americans
Lebanese American Association of Minnesota
Lebanese American Community of West Virginia
Lebanese American Council of Arizona
Lebanese American Organization of Central Ohio
Lebanese Children Foundation
Southern California Association of Lebanese
Americans
Texans for Lebanon
U.S.-Lebanese Chamber of Commerce
Vermont Lebanese American Community Association*

[FROM THE WASHINGTON TIMES, FEB. 12, 1993]

AN OPEN LETTER TO SECRETARY OF STATE WARREN M. CHRISTOPHER PRIOR TO HIS DEPARTURE TO THE MIDDLE EAST

Secretary Warren M. Christopher
Department of State
2201 C Street, N.W.
Washington, DC 20520

Dear Mr. Secretary:

On behalf of the American Lebanese community that actively supported the election of President Bill Clinton, we wish to extend to you our heartfelt congratulations on your appointment as Secretary of State. We are pleased by your appointment and confident that you will serve the United States with great distinction. We look forward with excitement to an era of peace and prosperity in the world and to restored freedom in Lebanon.

It is our duty to convey to you, Mr. Secretary, a lingering and deep-seated anxiety that our people in the United States continue to harbor with respect to their ancestral home, Lebanon, and their families and friends living there. The present situation in Lebanon may appear on the surface to be stable and orderly, especially when compared with the carnage of recent years. But such is a shallow assessment. Lebanon today suffers silently under the full weight of foreign — specifically Syrian — occupation. Every facet of life is intruded upon and all freedoms are under sustained assault. It is a secret to no one, inside or outside the country, that the Beirut "authorities" have long ago relinquished all semblance of independent decision and action, and have become automatic mouthpieces of their Syrian masters. They regularly engage in gross human rights violations that often — under a widespread atmosphere of fear and repression — go unreported to the international agencies specialized in monitoring such abuses.

The Taif "agreement," brokered by the Bush Administration and ratified in Saudi Arabia back in 1989, did not bring about the desired reconciliation in Lebanon. Instead, it has been methodically Syrianized over time and has accelerated the erosion of those vital characteristics of Lebanon — openness, freedom, pluralism and democracy — that the West searches for, often in vain, throughout the Third World.

It is our firm belief, having observed with alarm these past few years the tightening of the Syrian grip over Lebanon, that the Taif "agreement" no longer serves as a framework for peace and internal reconciliation. The recent Syrian engineered parliamentary elections in Lebanon demonstrated clearly this fact. Large portions of the population including many prominent Moslem and Christian leaders and their followers boycotted the elections because they were dissatisfied with the process and its anticipated results. These rigged and pre-orchestrated elections have produced a rubber-stamp parliament for Syrian policies, thereby making a travesty of the democratic tradition that Lebanon has upheld ever since its independence from French rule in 1943.

Furthermore, the lack of Syrian compliance last September with the so-called letter and spirit of Taif to withdraw their forces to the Bekaa Valley as a first step toward total evacuation of Lebanon reveals their callous disregard for international commitments, for the wishes of the community of nations, and for the sovereignty and self-determination of a neighboring state. The Syrian non-withdrawal has only confirmed the doubts of those who rejected earlier the Taif "agreement."

It is our firm conviction that the Bush-Baker policy of appeasing Syria at Lebanon's expense, indulging its hegemonic ambitions, and pampering its dictator, should not be the appropriate model for achieving genuine peace and stability in the Middle East. Continued acceptance of Syrian control of Lebanon is tantamount to awarding aggression. We realize that top priority ought now to be given to the peace process between Israel and her neighboring states. However, any peace process that legitimizes the present status-quo of Syrian domination over Lebanon will not be conducive to a lasting solution. It will run counter to overall U.S. interests in the region, which are only bolstered by the unhindered spread of the democratic model of a sovereign state and a free and open society.

Mr. Secretary, we appeal to you to do your utmost to promote the restoration of freedom in Lebanon as the necessary prerequisite to genuine internal reconciliation and the serious and costly business of reconstruction. We urge you also to carefully reexamine the Taif "agreement" which has been a vehicle for further Syrian political and territorial expansion, with the aim of producing a fair and just agreement that enjoys a broader base of support among Lebanon's various communities. We rely on your statesmanship and your reputed diplomatic expertise in this regard. We have faith in President Clinton's vision of a world where human rights, the rights of beleaguered minorities, and the ideals of democracy would find greater acceptance through active American inspiration.

Mr. Secretary, your next trip and meetings in the Middle East starting on Feb. 17 should not be perceived as a departure from the policy statements made by President Clinton during the campaign specifically when he called on the Bush Administration not to back away from its initial position of insisting on the immediate pull-back of Syrian troops to the gateway of the Bekaa Valley and the disarming of Hizballah. President Clinton considered that the recent parliamentary elections in Lebanon were not free and fair and recognized the need for a more representative government.

We believe that the Clinton Administration would offer a firm and coherent foreign policy that reflects our country's highest values and ideals and will not nurture relationships of expediency with despotic regimes such as that of Syria. Hafez Assad, Mr. Secretary, wrongly believes that just as the Bush Administration coddled him to win his token support during the Gulf War, the Clinton Administration would also acquiesce to his continued occupation of Lebanon to gain Damascus' support for the Middle East peace process. Coddling Saddam Hussein before the Gulf War was a gross miscalculation and blunder on the part of the Bush Administration and should not be repeated in our dealing with the Syrian regime. We should not pander to Assad at the expense of Lebanon.

Again, we wish you success at the State Department and we look forward for the implementation of President Clinton's policy statements on Lebanon.

STATEMENT OF WERNER FORNOS, PRESIDENT, POPULATION INSTITUTE

Senator LEAHY. On the next panel, we have Werner Fornos of the Population Institute; Susan Swift, Appropriate Technology International; Jim Lindner, American Consulting Engineers Council; Seth Sulkin, Engineering Consulting Firms Association; Abe Pollin from UNICEF; and John Salzberg, Center for Victims of Torture.

I know Mr. Pollin; in fact we have known each other for 20 years. And I know Mr. Fornos, too, I should say.

Please, go ahead, sir.

Mr. FORNOS. Thank you, Mr. Chairman. And at the outset, allow us to congratulate you for your leadership in the development assistance field over all these years. And I know it is a very difficult time for us to come asking for more money, with no money in the pot. When I asked Congressman Obey for \$700 million for population assistance, he said that we had about as much of a chance of getting that as he has of being made a saint. And I told him I would take care of the sainthood if he got us the money.

I will make the same offer to you.

Senator LEAHY. I am not even going to make Mr. Obey's response, because I long gave up the idea of sainthood. My mother still has hopes for me, but I long gave up.

Go ahead.

Mr. FORNOS. I am speaking on behalf of the Population Institute, whose president I have been since 1980, and our 100,000 members throughout the country, including 498 in the State of Vermont. And that is a pretty dense concentration of membership when you recognize the population of Vermont.

Senator LEAHY. I usually hear from each one of them when I come home for the weekend, too, especially when this bill is before the Senate.

Go ahead.

Mr. FORNOS. Well, we will try not to make it too burdensome on you.

We were founded by the Methodist Church back in 1969, and now have members in 170 countries throughout the world working principally on bringing population into balance with the world's resources and environment. What I would like to focus on today, other than what is just in my testimony—I hope my testimony will be made part of the record in its entirety—I think it is important for all of us to restate the demographic imperatives as we tackle these problems. And I know you have been committed to solving this problem for some years. But, as we meet here today, the world's population is now at 5.5 billion people, growing last year by an unprecedented 100 million people, which is the largest annual increase recorded in the history of humanity.

What is deceiving about that figure is the fact that 90 percent of that growth is occurring in the developing world—a world that is already terribly torn, as you well know, by civil strife and social unrest, and where people live in brutal poverty.

A further deceptive figure in that 5.5 billion is that in this coming generation we are seeing 3 billion young people, equal to the entire population of the world in as short a time as 1960, entering

their reproductive years. How well they are able to carry out the awesome responsibility of parenting, delaying becoming parents until they are sufficiently mature for that task, having only the number of children that they can love and take care of and raise to responsible adulthood, and making sure that the mother has sufficient interval between pregnancy to save the life of the mother, will mean the difference between us really achieving a better quality of life in the world between now and the middle part of the next century or heading for an environmental Armageddon, where surely the four horsemen of the Apocalypse will be returned, only this time they will be known as global warming, deforestation, ozone depletion, and overpopulation.

So these demographic imperatives make it important for us to realize that if we are to solve the population problem—and in this case I am optimistic that we will do so with the combined efforts of all of us who are concerned about the issue—then we will achieve a better quality of life. But the time is running out and we have to accelerate the mobilization of resources in some sort of universal effort that is headed by Senator Wirth and that hopefully, with stimulus from you, can see us approaching the rest of the donor community to see a massive sort of commitment for the remaining years of this century on population.

Our own U.S. population policy I think needs to be addressed in the comprehensive plan that you have asked for from the administration, which I understand from Eric, is now expected sometime in August. But I think that plan should clearly point out what the U.S.'s role in population stabilization efforts will be, from commodities to infrastructure development, to family planning services. And at a minimum, these new plans must include the involvement of women in the design, implementation and operation of programs that are aimed at improving their lot in the world.

PREPARED STATEMENT

Least of all, perhaps some people will say males should be considered, but I think men are probably the greatest obstacle to solving the population problem today because all too many of them still think they can spread their seeds to the four corners and walk away from the responsibility. So, greater emphasis on males and population programs is equally important. And maybe with the new plan that you and the administration are helping to bring to the forefront, we can then focus on the International Conference on Population and Development in Cairo in September 1994, to really get a collective agreement among all the nations of the world to slowing down population growth, because it is a requirement that the whole world has to address, because there are no acceptable humanitarian alternatives.

Thank you very much, Mr. Chairman.

[The statement follows:]

STATEMENT OF WERNER FORNOS

Mr. Chairman, for more than a dozen years I have presented testimony before committees of the United States Congress on the perils of unchecked population growth. In these presentations, I have warned of the impact of rapid demographic growth on the environment, resources, child and maternal health, and the entire spectrum of the human condition.

I am determined that one day I will be able to appear before a congressional committee and declare victory in the battle to bring population into balance with environment and resources. Meanwhile, I remain confident that this victory can be achieved and maintained.

The human population of the world stands at 5.5 billion and it increases by nearly 100 million a year. Our current numbers are on course to double in less than 40 years. An enormous majority of this growth occurs --- and will continue to occur --- in the poorest countries of the world. These countries are already having a day-to-day struggle just to accommodate their citizens with basic services.

While the statistics are grim, even frightening, I do not believe the problem of rapid population growth is a hopeless cause. This belief may separate me from the so-called Malthusians --- the gloom and doom brigade that insists the world is speeding full throttle toward an inevitable Armageddon.

The reason I feel we can still apply the brakes to this catastrophic roller coaster ride is that the technology to solve the problem of rapid population growth exists. And it is unchecked human growth that underlies or exacerbates virtually every major global problem confronting the world today.

Though the perfect method of family planning has not yet been --- and may never be --- devised, there is a sufficient variety of modern contraceptives to stabilize world population at eight billion or less. And there is an unprecedented demand for fertility control.

The International Planned Parenthood Federation claims that more than 500 million women lack access to safe and effective family planning. But these women live in the poorest countries of the world, where governments are already overburdened by the task of just meeting the daily needs of their people. Interestingly enough, virtually all of these governments have established national policies to reduce population growth.

Furthermore, these countries are paying 70 per cent of the cost of their population and family planning programs. But they simply do not have the wherewithal to tackle their demographic problems alone. They need the help of the donor community --- the industrialized nations of the world.

The International Forum on Population in the 21st Century brought together population experts from 79 countries, including the United States, in Amsterdam to determine what will be needed to stabilize world population at the lowest possible total. These experts reached the conclusion that for human numbers to level off at 11.2 billion --- the United Nations medium projection for stabilization --- total population expenditures must double, from the current \$4.5 billion annual amount, by the year 2000. In other words current annual expenditures, from all sources, must reach \$9 billion annually by the end of the century.

Beyond ensuring that there are sufficient resources so that family planning information, education and services will be universally available and accessible, the highest priority for reducing population growth is to raise the status of women.

Women perform two-thirds of the world's work, yet have only one-tenth of the world's income and own less than 1 per cent of its property.

Authoritative studies have demonstrated that in country after country there is a correlation between education and fertility. Evidence from several developing countries has shown that where no females are enrolled in secondary schools, the average woman has seven children during her reproductive lifetime. But where 40 per

cent of all women have had a secondary education, women average only three children.

Without question, women are both an over-used and a neglected resource. They have the greatest responsibility for caring for their children --- especially during the children's formative and most impressionable years. In much of the developing world, women must also cook the family meals; perform most, if not all, of the household chores; gather firewood, carry water from sources that are often long distances from their homes, and help plant and plow the fields. Women, in fact, produce as much as 70 per cent of the world's food.

Although women do more than their share of implementing development programs, they are out of the loop in planning and managing these programs. The United States government can have an instrumental role in correcting this unjustifiable and egregious neglect, thereby enormously bolstering the status of women in the poor countries of the world.

We can require that in all United States international population assistance programs --- and, indeed, in all U.S. development aid efforts --- women must be involved in all levels of planning and management.

The empowerment of women must become a major focus for the restructuring of U.S. foreign aid. The Cold War has ended and now the Cold War mentality must end.

Much of the skepticism and outright distrust that U.S. foreign aid programs have engendered is related to the fact that we have been known to mix military objectives and programs with humanitarian efforts.

Now is the time to place military spending where it belongs: under the Department of Defense. Our assistance to the North Atlantic Treaty Organization countries, for example, should be included in the Department of Defense budget --- not in the foreign assistance budget. Our assistance to Turkey, Greece and Portugal primarily involves U.S. security objectives. We are paying for

military assistance. We are paying foreign military personnel to carry out duties that higher paid U.S. military personnel would otherwise perform. There may be perfectly sound defense or security reasons to continue this arrangement, but it should be classified as defense or security --- not as foreign assistance.

Additionally, I would urge Congress to shift other programs that are only marginally related to foreign assistance to departments where oversight and accountability is far more logical. For example, serious consideration should be given to shifting the Export-Import Bank and the Overseas Private Investment Corporation to the Department of Commerce and P.L. 480, Titles I, II and III, and the Commodities Credit Corporation to the Department of Agriculture.

Frankly, it makes little sense for the House Agriculture Committee to hold authorizing hearings on P.L. 480 and for House Foreign Operations to exercise funding responsibility. There are similar incongruities here in the Senate, where the Banking Committee has authorizing jurisdiction over the Export-Import Bank, but the appropriation responsibility falls under Foreign Operations.

These shifts would permit Congress and its Committees to deal with apples and apples rather than with apples and oranges. They might also instill trust and confidence in U.S. humanitarian assistance that has been sadly lacking --- both at home and abroad --- for a number of years.

The experience of some 30 years of international population assistance has taught us that the programs that work best are those that are indigenously managed and community-based. If this is so, what should be the role of the United States in population efforts abroad?

The Population Institute believes that the most important role of the U.S. government should be to develop the leadership to achieve voluntary population stabilization as early as possible, with multilateral and non-government organizations participating as full partners in the process.

Non-government organizations have traditionally launched and presented population and family planning programs in developing countries where governments have been slow to act.

Secondly, we feel that technical assistance, information sharing, promotion of sustainable development and sustained economic growth must be at the heart of future U.S. population programs. But there is good news and bad news. The good news is that a small, non-governmental organization headquartered in the United States is able to keep a clinic in Africa open overnight when the generator fails. The NGO flew a generator in and the clinic never missed a patient call. That same clinic might have been shut down for days, even weeks, if it had to unravel government bureaucratic red tape to get the approval for the generator moving.

Now the bad news. I have been working along with many others to assist Pakistan with its population efforts. You may recall that last year the Congress exempted non-government organizations working in family planning from the prohibition against foreign aid for countries who violate our provisions on terrorism and nuclear weapon development.

Yet, despite that favorable vote by both Houses of Congress and the President's signature, I have been recently informed that a family planning program that had been established for two years in 200 centers throughout Pakistan is to be shut down. The program effects some 300,000 of the poorest women in the country and the reason it may have to close its doors on June 30th is a misinterpretation of U.S. Congressional intent.

In addition, I think that U.S. population programs should be strongly involved in commodity support, since most of the patents on contraceptives are held by Germany, Japan and the United States. The United States should help in infrastructure development, operational research, achievement-oriented evaluations, and, in all of our efforts, stress should be placed on respect for human rights.

All family planning programs supported by the United States government must be voluntary, humane and sensitive to national cultures and to religious views.

I know there have been questions about whether family planning programs have achieved results. The answer is resoundingly in the affirmative. Only 9 per cent of reproductive age women in the developing world used family planning 20 years ago compared to 50 per cent today. During that same time period, total fertility in the developing world has declined from an average of 6.1 children per woman to 3.9. Expanded accessibility to family planning has led to a world with 500 million fewer people than there might have been.

Still, there are wide variations in family planning accessibility. While 95 per cent of East Asians have ready access to family planning services, the figure drops to 57 per cent for Southeast Asians and Latin Americans, 54 per cent for South Asians and only 9 per cent for sub-Sahara Africans.

One half of the estimated 910,000 daily conceptions are unplanned, according to the World Health Organization. Approximately 150,000 abortions are performed every day --- one-third of them unsafe and resulting in 500 deaths every day.

The United Nations World Food Council reports that 41 developing countries can no longer provide enough food for their inhabitants to meet average nutritional requirements. Nor can they afford to purchase food produced beyond their borders.

Twenty-nine of these countries are in sub-Saharan Africa, seven in Asia and the remaining five in Latin America. Their total population is more than 1.5 billion, about 40 per cent of the entire population of the developing world.

It has long been recognized that population and family planning programs are among the best investments in development that can be made. The results achieved provide compelling evidence that these programs are among our most cost-effective foreign assistance. Now, with the end of the Cold War, we should consider taking it a step further.

The Population Institute believes that 4 per cent of U.S. foreign assistance should be allocated to population and family planning programs. That would be the same percentage of foreign aid that Norway designates for population assistance.

The Population Institute further believes that 16 per cent of U.S. international population assistance should be contributed to the United Nations Population Fund. That is the percentage of U.S. population aid abroad that was contributed to UNFPA seven years ago before U.S. funds to the U.N. agency were ceased.

I cannot overstate the importance of resuming the U.S. contribution to UNFPA. In 1985, the last year the U.S. government contributed to the Fund, the amount mandated by Congress was \$46 million.

The demand for UNFPA support exceeds the Fund's budget by \$500 million. Meanwhile, many countries, particularly countries of sub-Saharan Africa, want to expand their current population programs. New requests are coming from the Commonwealth of Independent States, from the Baltic states and, increasingly, from Eastern Europe.

More than 100 countries contribute to UNFPA, but the bulk of its support is from a handful of donors including Japan, the Netherlands, Norway, Finland, Germany, Sweden, Denmark, the United Kingdom and Canada.

The U.S. government was the leading contributor to UNFPA from its inception in 1967 until 1985. If the United States had contributed just at the \$46 million level pledged in 1985, over the last seven years the Fund would have had \$322 million more to respond to requests for assistance from the poorest countries of the world.

It is important to mention that more than 230 non-governmental organizations (NGOs), most of them working at the international level, have cooperated with the UNFPA in carrying out population-related activities in such areas as family planning, research, training and awareness creation.

Many of these international NGOs are based in the United States, including the Population Council, the Program for the Introduction and Adaption of Contraceptive Technology/Program for Appropriate Technology in Health (PIACT/PATH), The Johns Hopkins University, Harvard University, Family Health International, the University of Michigan, the International Institute for Vital Registration and Statistics and the Center for Development and Population Activities (CEDPA). In 1992, UNFPA allocated \$14.6 million to projects executed or implemented by non-governmental organizations.

The United States Congress has been unwavering in its commitment to world population stabilization. When the United States has strayed from this course, the problem has been at the other end of Pennsylvania Avenue. The problem has been the Presidential veto and the threat of the veto. But this has changed.

President Clinton has maintained that "the protection of the environment --- as well as the daunting challenges of development, human rights, refugees, and world health --- are all related to the vital issue of global population." Noting that 10,000 generations passed before world population reached two billion, he said: "Yet we will likely see that number triple in my lifetime. The earth's resources and delicate eco-systems are straining under this unsustainable burden." The President asserted that the United States can "lead the quest for sustainable development by supporting efforts to stem global population growth."

The President of the United States, under Section 104(b) of the Foreign Assistance Act, already has the authority to implement this pledge to the American people. He has the authority to demand that personnel appointed to foreign affairs and diplomatic decision-making posts be committed to contributing to the goal of population stabilization at the earliest possible time. The actions of this subcommittee, Congress and the Executive Branch can mark the beginning of that quest and the beginning of a more hopeful future for succeeding generations.

Senator LEAHY. Thank you, Mr. Fornos. As you know, Senator Wirth was testifying here last Friday, and he and I have discussed this. We also talked about it a number of other times. We were on the floor trying to get additional money in these areas where the administration had opposed us. Now, we have the administration supporting this, but also a smaller pie to go around. So we will continue with that.

I am also pleased with your emphasis on having women far more involved in the administration and planning of these programs. In so many parts of the developing world, it is women who have taken, really, the forefront in most of the social progress, ranging everywhere from education to the creation of jobs—jobs that actually pay, and not just drudgery—creating the ability to just live from day to day. And I applaud you on that.

STATEMENT OF SUSAN SWIFT, ON BEHALF OF THE APPROPRIATE TECHNOLOGY INTERNATIONAL

Senator LEAHY. Ms. Swift.

Ms. SWIFT. Thank you, Mr. Chairman.

I am pinch hitting for ATI's president, Andy Maguire, who was urgently needed on the home front this afternoon. I would like to submit his testimony for the record and just summarize five points in the next few minutes.

Appropriate Technology International does sustainable development. Our clients are the people foreign aid programs and scarce taxpayer dollars are supposed to serve: millions of low-income farmers and businesses, whose participation is key not just to equitable economic growth, but to political stability across the developing world.

No. 2, ATI's programs are designed to reach millions of small producers in basic industries around the globe. Whatever the continent, Mr. Chairman, that these people may live on, if they are producing and processing a similar commodity, like fiber, cooking oil, cereal grains, dairy products, or coffee, these large groups of small producers face similar constraints in adding value to their products and accessing markets.

ATI designs packages of hard and soft technology interventions, which are replicated from region to region by ATI, itself, by United Nations agency partners, by AID missions and development banks, by citizens' groups, and, most importantly, by these small producers' groups themselves.

No. 3, ATI's programs demonstrate the economic value of environmental stewardship, enlisting small farmers and small business people in sustainable development. Just one example: You are familiar, Mr. Chairman, with the predicaments of dairy farmers in Vermont. Well, imagine the women in India who run most of the dairies in that country, who are living on the margin of subsistence. They may not have time to worry about global warming caused by their poorly fed cattle. But, if the same feed supplement that cuts the methane from those cattle increases milk production by 30 percent, and it does, they not only become advocates of the programs, they become participants and make money.

My fourth point is that ATI is cost effective. That is a word you hear a zillion times every day on the Hill, but we have two indica-

tors to show you. For every program dollar spent, ATI beneficiaries are now earning \$5 to \$10 in new income. And for \$1 ATI is investing in new programs, we are now leveraging \$6 to \$10 from other donors, both public and private, from around the world.

My last point, Mr. Chairman, is that ATI, as could many of the other good organizations coming before you today, could do much more good with increased funding, including bringing our uniquely American methodology to small enterprise development to bear on the newly independent states of the former Soviet Union. We hope that in this difficult year you will build on the good investments Congress has made in ATI since it created ATI in 1976, and move us to the \$12 million mark in 1994.

PREPARED STATEMENT

To close, I would like to thank you personally, Mr. Chairman, for your leadership on development, environment and humanitarian concerns, and just recall the words of Grameen Bank founder Mohammed Yunus when he was contemplating the \$25 billion of foreign aid that has gone to Bangladesh over two decades. His summary comment was: You can find no traces of it in the faces of the people.

ATI's beneficiaries are the vast majority of developing world people for whom trickle down development programs just do not work.

We thank you in advance for doing your best by them.

Thank you.

[The statement follows:]

STATEMENT OF ANDREW MAGUIRE, PRESIDENT, APPROPRIATE TECHNOLOGY INTERNATIONAL

Thank you, Mr. Chairman and Members of the Committee for the opportunity to appear today.

To set the context, Mohammed Yunus, founder of the Grameen Bank, commented on two decades and \$25 billion worth of aid for his country, Bangladesh, by saying that he could find "no traces of it in the faces of the people." Poverty has increased. Seventy-five percent of the foreign aid was spent elsewhere on commodities, consultants, experts, machinery; 25 percent went to local consultants and experts.

On the fate of democracy and structural economic reforms in Africa, a senior congressional observer has said, "Unless a way can be found for people who are at the economic base to improve their livelihoods, the whole thing will come crashing down."

Mr. Chairman, you and the committee know well what the problems have been and are in foreign aid, and I know that you are working with the Administration to restructure U.S. aid programs to meet the demands of a new era.

Congress created Appropriate Technology International to be part of the solution.

ATI's approach, now sharply focused and clarified, is based on the universal needs of small farmers and businesses in basic industries across the globe. The work that ATI does dramatically enhances the economic roles of these large classes of small producers, increasing their income and their share of value added, wherever they are found -- by the tens of thousands, hundreds of thousands, and millions across the world.

We work with some of the most essential chains of economic production and producers involved in them, like fibers, cooking oils, milk, vegetables and fruit, cereal grains, and tree crops, like cocoa, coconut, and coffee. The benefits are multiplied exponentially when the work is done at the scale on which we are now embarked within regions and across continents. We are talking

about environmentally as well as economically sound investment in industrial and agricultural processes. We are talking about processes and products for regional and international markets.

There are actually relatively few major classes of small producers that stretch across the world. Without livelihoods for this 90 percent of people that the development process is actually trying to reach, we will not achieve our goals for broad economic development, environmentally sound development, open economic and political institutions, and a more democratic, less crisis-ridden world.

If we look at these groups of small producers by the millions, they have structurally identical value-added chains. They are at the same stage of development, the same families of technologies are important for pulling them up into the mainstream economies, and there are comparable market constraints that have to be identified and addressed.

We and our partners around the world -- U.N. agencies, development banks, citizens organizations, AID missions -- attack this value-added production chain with hardware and software. The methods cross all the political boundaries, and the programs that are now coming on stream yield a \$5 to \$10 increase in income for clients for every dollar.

This is not a project here and a project there. This is a business approach which spreads because of the power it has as a model, the power of its incentives, the fact that it tackles big problems that are widely distributed and the fact that it is a very low cost type of approach.

Take natural fibers, animal fibers. We start with a program with sheep in Guatemala. It becomes a multi-million dollar supported alpaca program in Bolivia. And we are now looking at an application in Nepal. Take cooking oils and the millions of dollars coming to 550 rural communities in Tanzania annually as a result of producing their own oil. This program is now

regionalized in east and southern Africa where we have as many as eight new jobs for every item of equipment sold.

Take dairy feeding systems in India where milk production is increased, while mitigating methane's effects on global warming. A single ATI application of this approach in one location will offset carbon dioxide production of a major new power plant over its useful life and the program is spreading from India to Tanzania to Brazil to Eastern Europe with EPA's support.

How many more of these value-added chains could we be addressing beyond oil and cattle feeding and fiber? We want to do more, including work in the Newly Independent States. The bottom line is, one, we deliver impact per dollar; two, there are substantial environmental gains, both local and global; three, we contribute to economic stability and sound broad-based growth through enhanced development effects and avoiding costly crises and remedial actions, which the world is so full of; and finally, this is a uniquely American methodology. Promote self-reliance and productive business solutions and it leads to open economic and political systems.

Appropriate Technology International already has an operating package for innovative global enterprise development. It is not a start-up situation, but a program that works thanks to sound strategies and the good investments which Congress has taken a lead on.

Mr. Chairman, we are hoping that in a difficult year you will build on those investments and move us to about \$12 million in 1994, \$25 million by 1996. Our strategic small producer focus is filling a gap in traditional development assistance programs. Please give us the wherewithal to do more.

Appropriate Technology International

*Foreign Aid: What Counts
Toward Sustainable
Development and
Humanitarian Relief?
Bread for the World
Institute*

"On the whole, public foundations have proven to be more effective aid delivery mechanisms than larger bureaucracies which are more cumbersome, rigid, and politically driven ... ATI has been able to heavily leverage its funds - in some cases up to 10:1 - by getting other donors to invest in ATI designed and administered projects ... ATI should receive annual appropriations independently of the Agency for International Development ... ATI deserves a sizeable increase in appropriated funds in FY 1994 to a total of \$10 million to support its enterprising, effective operations."

Our Interests in the Developing Countries
Committee on Agricultural Sustainability for Developing Countries²

"... in promoting farm based, technologically-oriented micro-enterprises in agriculture... The main vehicle has been work through the public foundations – especially, but not only, Appropriate Technology International ... Finding ways to get it more financial backing and a broader reach ... is desirable."

New Directions for Foreign Assistance
Consortium for Action to Protect the Earth³

"The existing foundations (including ATI) should be given additional funding each year, starting with FY94 ... (ATI has) proved effective and innovative. It should receive direct appropriations, rather than funding through AID."

ATI Evaluation Team
Winrock International
for USAID

"ATI's mission is highly relevant and its strategies are significant, effectively pursued and have a high potential impact on greatly increased numbers of beneficiaries. This view was amply supported by USAID missions, other donors, local partners, and beneficiaries in the four countries visited during this assessment."

"This report recognizes the importance of on-going government funding as part of ATI's income. It further suggests the need for greatly increased resources devoted to the agenda which ATI consistently addresses in evolving and improving ways."

House Concurrent Resolution 100
Introduced in the U.S.
House of Representatives
May 12, 1993

"... the President is urged to do the following: ... increase assistance from the level of approximately \$3,000,000,000 for fiscal year 1993 to no less than \$3,700,000,000 for each of the fiscal years 1994 through 1997 for the following international and bilateral organizations, programs, and projects that effectively serve humanitarian needs and sustainable development objectives: ... Government-funded foundations, including the African Development Foundation, the Inter-American Foundation, and Appropriate Technology International."

John Maxwell Hamilton
Louisiana State University

"ATI's wealth-producing strategy is precisely what development is supposed to be about. With ATI behind them, the poor work their own way to prosperity."

David Kerten
People-Centered
Development Forum

"Fortunately, the need for more appropriate funding instruments to support civil society in its developmental and democratization roles has not been wholly ignored. The Asia Foundation (TAF), Inter-American Foundation (IAF), Appropriate Technology International (ATI), the National Endowment for Democracy (NED), and the African Development Foundation (ADF) were all created specifically to address this need."

"ATI's [approach] defines the state of the art among foundations in the field of enterprise development. It produces an extraordinarily high return on the use of international assistance funding beyond anything conventional assistance agencies can even contemplate. The fact that total annual federal funding for ATI is presently only at the level of \$4 million is indicative of the prevailing distortion in international assistance priorities."

Glenn Prickett
Natural Resources
Defense Council

"The federally funded international development foundations – the Inter-American Foundation (IAF), the African Development Foundation (ADF), and Appropriate Technology International (ATI) – are a critical and under-recognized component of the U.S. bilateral assistance program. Because of their small size and grassroots perspective, they are often better suited than AID to work with small, in-country, non-governmental organizations on long-term sustainable development projects."

¹Bread for the World's Many Neighbors, One Earth Campaign is sponsored by the Ford Foundation and includes the participation of 100 U.S. PVOs, citizens groups, and church organizations

²Forty leading development and environment organizations, universities, and policy research institutes

³The largest environmental membership organizations, including Sierra Club, National Wildlife Federation, and National Audubon Society

Bruce Rich
Environmental
Defense Fund

"ATI has supported programs promoting organic biofertilizers in Thailand, and alternative placer mining technology in the Peruvian highlands to reduce mercury contamination in gold extraction. These are the kinds of programs that we believe deserve more support and replication on a larger scale."

Bob Edwards
National Public Radio

"For decades foreign aid groups in the US and Europe have been struggling to come up with strategies to develop the Third World, especially Africa. They've spent countless billions of dollars ... and more often than not they have failed. But now a project in the East African nation of Tanzania is helping villagers earn more money and improve their diets, all with remarkably little assistance. NPR's Daniel Zwerdling reports from the development project that works."

John Russell
Consultant, Int'l Service
for National Agricultural
Research, CGIAR

"In 29 years of work in developing countries, I came across this year in Tanzania an NGO project more successful than any other I have seen ... the Village Sunflower Project sponsored by the Evangelical Lutheran Church in Tanzania and Appropriate Technology International."

Doug Abrahms
*Washington Business
Journal*

"Like a Peace Corps with a business plan, [ATI] tackles rural projects such as improving the diet of Guatemalan sheep so that shepherds can earn higher prices for their wool."

Senator LEAHY. Thank you.

And I can give you a long list of areas where foreign aid has been spent over the years where we do not see it in the faces of the people. We may see some small countries with military hardware that would rival much larger and far more sophisticated and far wealthier countries, but you do not see it in the faces of the people. And we could see it in some magnificent homes and villas and palaces for some of the leaders, but you do not see it in the faces of the people.

Frankly, if the country wants to arm itself, if it wants to build palaces for its leaders, they should be able to find a way to do that. If we are going to use American tax dollars, we ought to be helping people.

Ms. SWIFT. Thank you, Mr. Chairman. I know you have been working toward that.

Senator LEAHY. Well, we all have. We all have.

You do it every hour, every day. I do it here and there. I applaud you for what you do.

Ms. SWIFT. You do the big part.

Senator LEAHY. I have big shoulders.

STATEMENT OF JIM LINDNER, ON BEHALF OF THE AMERICAN CONSULTING ENGINEERS COUNCIL

Senator LEAHY. Mr. Lindner.

Mr. LINDNER. Mr. Chairman, I would like to thank you for the opportunity to address the committee, and to present the viewpoints of America's consulting engineers on foreign assistance. Specifically, I would like to focus on the Agency for International Development, or AID.

Through the American Consulting Engineers Council, or ACEC, I am representing over 5,500 consulting engineering firms, practicing both domestically and internationally. My firm, which is a small one, has and is presently working with AID. And we view its restructuring as an important part of our future.

Our basic message today is that any restructuring of AID must strike a balance between immediate humanitarian relief and long-

term infrastructure needs in our foreign assistance program. The American people are concerned with the amount of foreign assistance handed out, considering our problems here at home. Yet we are a caring and a compassionate people, and realize the moral obligation this country has to help those less fortunate than ourselves.

The question is: How can our assistance programs benefit the United States, as well as recipient nations?

Obviously, we gain goodwill and promote democracy, which are critical in themselves. But what about direct stimuli to our economy?

One way to accomplish this is through an AID program that balances immediate relief with that of infrastructure. Ultimately, providing for human needs requires both components to be successful.

When foreign assistance is used for infrastructure, everyone wins. The developing countries get the infrastructure they desperately need, Americans get jobs—jobs in foreign countries, jobs in the home offices and jobs in the plants producing the required goods and equipment.

ACEC believes that the consulting engineering industry and the Clinton administration's goals of job creation, the promotion of U.S. exports and revitalization of the American economic are not only consistent, but interdependent. The United States also demonstrates global leadership when it combines these objectives with sound, long-term, sustainable development policies that improve the living conditions in less-developed countries. The key word here is sustainable.

As Administrator Atwood stated in his recent address to this committee: "We have an abiding interest in promoting sustainable development. This does not require and is not consistent with an international welfare program."

We agree.

And to achieve sustainable development, adequate infrastructure must be in place. Satisfying basic human needs in developing countries must employ infrastructure development to complement any short-term assistance program for the purposes of sustainable development. Historically, U.S. foreign assistance has made its greatest impact in less-developed countries when it balances immediate humanitarian relief, while strengthening the local institutions that can sustain self-propelled, long-term economic growth.

Infrastructure funding provides a win-win scenario. Funding targeted at infrastructure helps American industry, jobs are created, the export of goods and services are promoted, and America's economy benefits.

Would this type of foreign assistance appeal to the American people?

We believe so.

This is not some new radical concept. It is used successfully by all industrial donors of the world today. ACEC has been leading the effort in the U.S. engineering and construction industries to support the administration's economic stimulus here at home, because of the shared belief that renewing and strengthening this Nation's infrastructure is the key to sustained economic growth. We also believe that what is appropriate for the United States of

America is also an appropriate prescription for the rest of the world as well.

PREPARED STATEMENT

We stand ready to support this committee, Congress and the administration in their efforts to help reorganize and restructure the Agency for International Development so that it can meet the Nation's foreign assistance requirements and obligations in the future.

Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF JIM LINDNER

I want to thank you for this opportunity and to present to you the view points of America's consulting engineers on the Agency for International Development.

The American Consulting Engineers Council (ACEC), a federation of fifty-one (51) state and regional councils, is a national professional association representing over 5,500 private practice consulting engineering firms employing over 180,000 engineers, scientists, technicians and other support personnel who annually design over \$100 billion in constructed public works and private industry facilities. ACEC is a founding member of the International Engineering and Construction Industries Council (IECIC), which is comprised of ACEC, the Associated General Contractors (AGC), the American Institute of Architects (AIA) and the National Constructors Association (NCA). When combined, the members of these four associations are responsible for 15% of the United States' GNP.

ACEC's member firms have worked in over 150 countries conducting feasibility studies, designing and supervising the construction of water and sewerage systems, power plants, roads, bridges, ports and airports as well as other necessary infrastructure facilities. When foreign assistance is used for infrastructure, everyone wins. The developing countries get the infrastructure they desperately need and Americans get jobs -- jobs in the foreign countries, jobs in the home offices and jobs in the plants producing the required goods and equipment. ACEC believes that the consulting engineering industry and the Clinton Administration's goals of job creation, the promotion of U.S. exports and revitalization of the American economy are not only consistent, but interdependent. The U.S. also demonstrates global leadership when it combines these objectives with sound, long term development policies that improve the living conditions in less developed countries.

A thoroughgoing approach in satisfying basic human needs in developing countries must employ infrastructure development to complement any short/long term assistance program for the purposes of sustainable development. Historically, U.S. foreign assistance has made its greatest impact in less developed countries when it balances immediate humanitarian relief while strengthening the local institutions that can sustain self-propelled long term economic growth. The consulting engineer is an instrument in this long term development effort that can help eradicate some of the more costly social and economic problems associated with lack of adequate infrastructure facilities in these countries.

These U.S. assistance initiatives not only stimulate and promote economic and social development, but also bridge important technical, economic and professional gaps to other cultures in the hopes of decreasing their dependence on foreign relief. The need for a comprehensive and integrated approach should remain at the heart of any AID program because it integrates and balances providing basic human needs with building the essential institutional capacity to support those populations' needs in the long term. It is through the combination of these two approaches that a country is successfully led down the path toward self-sufficiency and sustainable development.

New U.S. foreign policy identifies trade as a priority. ACEC believes that AID should be viewed as a part of an integrated U.S. trade policy in which its efforts and activities are coordinated with other U.S. exporting agencies such as the Trade and Development Agency and the Export/Import Bank.

The engineering industry plays a significant role in increasing the volume of U.S. exports around the world. The industry traditionally views international project design as a catalyst which increases the export of "follow on" U.S. goods and services. Because engineering firms are responsible for project design, they also develop technical specifications for further equipment and processes required for construction. These have included equipment and goods needed for construction of wastewater treatment facilities, potable water plants, irrigation, cleanup of hazardous waste, roads, bridges, ports and airports, communications centers as well as other vital infrastructure projects. These specifications therefore, provide an "opening wedge" for additional U.S. exports to the region, in turn increasing the competitiveness of U.S. firms and products around the globe.

Engineering projects have also yielded identifiable and documental benefits, not only in terms of physical outputs such as electric power for homes and industry, and drinking water free from contamination, but also in terms of training thousands of engineers in developing countries. The transfer of environmental technologies to these developing, aid recipient countries plays a critical role in environmental clean up and prevents further degradation by assisting in the strengthening of local institutions in order that countries can support and sustain sound environmental stewardship. Through AID and other U.S. programs, many aid recipients benefit from studying and applying U.S. environmental technology to their own unique problems.

ACEC has been leading the effort in the U.S. Engineering and Construction industries to support the Administration's economic stimulus effort because of the shared belief that renewing and strengthening the nation's infrastructure is the key to sustained economic growth. We also believe that what is appropriate for the United States is also an appropriate prescription for the rest of the world as well. We stand ready to support this committee, Congress and the Administration in their efforts to help reorganize and restructure the Agency for International Development so that it can meet the nation's foreign assistance requirements and obligations in the future.

Senator LEAHY. Thank you, Mr. Lindner.

I appreciate that. Eric Newsom, who is the majority staff director in this committee, worked with the administration on the transition papers of AID. And I have expressed a great deal of concern about what direction they are going in. I am pleased when I see Brian Atwood there. I think that he is going to do a very good job with it. And I hope that he may create a better atmosphere.

I appreciate your input. I am sure he will, too.

Mr. LINDNER. Well, we appreciate your time, Mr. Chairman.

Senator LEAHY. Thank you.

STATEMENT OF SETH R. SULKIN, INDEPENDENT PROJECT DEVELOPMENT CONSULTANT, WASHINGTON, DC

Senator LEAHY. Mr. Sulkin, you are here from the Engineering Consulting Firms Association. I am delighted to have you here, sir.

Mr. SULKIN. Thank you.

My name is Seth Sulkin. I am actually an independent project development consultant. I would like to testify on the need for co-operation between the United States and Japan in foreign assistance and economic development.

Americans may not wish to recognize the current state of affairs, but in many parts of the world, Japan's economic influence has surpassed ours. Not only has Japan eclipsed the United States to become the largest donor of official development assistance, but for some time now, it has been the world's largest capital exporting country overall. Particularly in Asia, but to a growing extent in other regions, Japan's combination of aid, trade and investment has given it enormous influence, while the United States presence seems to be steadily fading.

I believe Japan uses foreign aid just as the United States—to promote strategic interests by helping recipient countries grow and achieve stability, thereby cementing bilateral ties. Having just spent the last few years working inside Japan's aid apparatus, I have never seen export promotion cited in Tokyo as an explicit goal of foreign aid the way I have heard United States policy described at recent hearings before this subcommittee.

The American and Japanese aid programs are complementary in many ways. Japan emphasizes creating the physical infrastructure which is necessary to attract investment in manufacturing and job

creation. The United States puts more effort into the softer side of development by providing recipient nations with the institutional means to help themselves.

Japan, as it heightens efforts to recycle its current account surpluses, has just made plans for another massive increase in aid over the next 5 years. Japan's assistance budget has been growing so rapidly, in fact, that its own institutional structures have not been able to keep up. Japan suffers from a critical shortage of development professionals, particularly in softer fields, and has long been dependent on the private sector for project identification and formulation.

Such a situation creates numerous opportunities for bilateral cooperation, but, so far, Japan has gone much further in making that possible. Not only has Japan untied all of its soft loans, but it has allowed non-Japanese participation, up to 50 percent, in many technical assistance projects.

Tentative United States efforts at cooperation so far have mainly consisted of placing an AID official at the Embassy in Tokyo and a donor coordination office in Washington. Canada, meanwhile, has looked at cooperation in a much more positive light, exchanging aid officials with Japan for a 2-year period, and partially untying a fund to allow for the participation of Japanese consultants in a Canadian aid project formulation process.

In discussing cooperation with Japan at a number of United States Government agencies, that attitude has almost consistently negative. They fail to see the strategic benefits, despite concrete results from the most successful cooperative effort to date—a cofinancing program between the Export-Import Bank and its Japanese counterpart, which has not only benefited developing countries, but boosted United States exports with Japanese taxpayer funding.

AID Administrator Atwood has assured me that economic cooperation with Japan is: * * * a critical component of American foreign policy." But if that policy is not backed up with specific measures to promote cooperation, it will have little meaning.

PREPARED STATEMENT

Changes in regulations or laws to allow for Japanese participation in programs of AID, Trade and Development Agency, OPIC, and United States-Asia Environmental Partnership would lead to more efficient and effective use of limited American resources.

The creation of new programs specifically designed for bilateral project identification and formulation would be even a better move.

Thank you.

[The statement follows:]

STATEMENT OF SETH R. SULKIN

Mr. Chairman, members of the Subcommittee, thank you for giving me this opportunity to testify on the need for cooperation between U.S. and Japan in foreign assistance and economic development.

First, I would like to describe the rationale for such cooperation; then, the means.

Americans may not wish to recognize the current state of affairs, but in many parts of the world, Japan's economic influence has surpassed ours. Not only has Japan eclipsed the U.S. to become the largest donor of official development assistance, but for some time now, it has been the world's largest capital exporting country overall. Particularly in Asia, but to a growing extent in other regions, Japan's combination of aid, trade and investment has given it enormous influence, while the U.S. presence seems to be steadily fading.

Many people here, both in the Government and private sector, see something sinister in Japan's growing international role. But I believe Japan uses foreign aid just as the U.S.--to promote strategic interests by helping recipient countries grow and achieve stability, thereby cementing bilateral ties. Having just spent the last few years working inside Japan's aid apparatus, I have never seen export promotion cited in Tokyo as an explicit goal of foreign aid the way I have heard U.S. policy described at recent hearings before this Subcommittee.

The American and Japanese aid programs are complementary in many ways. Japan emphasizes creating the physical infrastructure which is necessary to attract investment in manufacturing and job-creation. The U.S. puts more effort

into the softer side of development, by providing recipient nations with the institutional means to help themselves. Given the fiscal situation here, a massive increase in our aid budget to provide grants or soft loans for infrastructure is not possible for the foreseeable future. Japan, as it heightens efforts to recycle its current account surpluses, has just made plans for another massive increase in aid over the next five years. Japan's assistance budget has been growing so rapidly, in fact, that its own institutional structures have not been able to keep up. Japan suffers from a critical shortage of development professionals, particularly in softer fields, and has long been dependent on the private sector for project identification and formulation.

Such a situation creates numerous opportunities for bilateral cooperation, but so far Japan has gone much further in making that possible. Not only has Japan untied all of its soft loans, but has allowed non-Japanese participation up to 50% in technical assistance projects. Some question whether the untied status of Japanese aid is genuine, but the handful of American companies I have worked with which have made serious efforts to participate in the process have achieved some success.

Tentative U.S. efforts at cooperation so far have mainly consisted of placing an A.I.D. official at the embassy in Tokyo and a donor coordination office in Washington.

Canada, meanwhile, has looked at cooperation in a much more positive light, exchanging aid officials with Japan for a two-year period and partially untieing a fund to allow for the participation of Japanese consultants in the Canadian project formulation process.

In discussing cooperation with Japan at a number of U.S.

Government agencies, the attitude has been almost consistently negative. Officials are either suspicious of what they perceive as Japan's "commercial orientation", or believe the U.S. is still strong enough to work on its own. They fail to see the strategic benefits, despite concrete results from the most successful cooperative effort to date, a co-financing program between the Export-Import Bank and its Japanese counterpart, which has not only benefitted developing countries, but boosted U.S. exports with Japanese taxpayer funding.

A.I.D. Administrator Atwood has assured me that economic cooperation with Japan is "a critical component of American foreign policy". But if that policy is not backed up with specific measures to promote cooperation, it will have little meaning. Changes in regulations or laws to allow for Japanese participation in programs of A.I.D., Trade and Development Agency, Overseas Private Investment Corp. and U.S.-Asia Environmental Partnership would lead to more efficient and effective use of limited American resources.

The creation of new programs specifically designed for bilateral project identification and formulation would be even a better move.

Thank you.

U.S. COMPANIES AND JAPANESE ODA: PROBLEMS AND POTENTIAL

A lot of American companies with dollar (and yen) signs in their eyes have been in Tokyo recently, going after the Japanese ODA (Official Development Assistance) market. Unfortunately, few of these really understand the opportunities (or lack thereof) ODA offers, and even fewer are capable of actually selling goods or services in this sector.

Spurred on by the media and Commerce Department's Tokyo ODA Conference in November 1992, American manufacturers, engineers and consultants have been chasing after what they think is a more than \$10 billion market. In reality, the portion of this which

U.S. companies could ever hope to participate in is only a small fraction. That is not to say, however, Japanese ODA is not worth the bother.

Japan's orientation on industrial infrastructure, as compared to basic human needs, security and promotion of democracy for the U.S. aid program, means companies which get involved in the early stages of projects to build communications, transportation or energy generation, will have a huge advantage in later stages, when the scale of development vastly increases.

Stated more clearly, American companies taking a short-term profit horizon and thus ceding the Japanese ODA market, run the risk of being forever shut out, or at least highly disadvantaged, in some of the fast growing areas of the world.

What this means is that U.S. firms must develop a comprehensive strategy for penetrating Japanese ODA, and be prepared to invest time, money and management skills. Companies which do not already do business with U.S. AID, the World Bank Group or the United Nations, or have no experience in Japan, will have extreme difficulties, and should perhaps reconsider their entire business strategy. For those companies which are already involved in development projects and have other business in Japan, ODA should be included in their comprehensive business strategies.

It is not possible, or even reasonable, to show up in Japan and expect the government and private companies to immediately offer contracts. One representative of an American manufacturer which participated in the Tokyo ODA Conference may have set back the cause of internationalization many years when, following a speech by a Japanese government official on the ODA procurement process, he asked "What is a trading company?" and "Can you give me a list of them?"

No self-respecting company would insult the World Bank by attempting to win contracts with no knowledge of projects and the procurement process. For U.S. firms serious about breaking into

Japanese ODA and private sector development projects, there are many sources of information and guidance, such as the Commerce Department, U.S. AID, and worldwide offices of Japanese government agencies and private companies. In most cases, key procurement decisions are made by host country governments, which means American companies must build relationships in developing countries to keep abreast of current and future plans, and to make their company name and capabilities known for the time when short lists are determined. This information gathering process is the most difficult and important aspect of penetrating the Japanese ODA market.

Without a massive and sustained effort, it is unlikely that American companies can succeed on their own. They will have to link up with Japanese or other complementary partners more experienced in the process. Practically speaking, what should American companies do? Here are some key issues for U.S. firms to consider:

MANUFACTURERS: Companies with unique and/or internationally competitive products should study Japan's ODA program to see what, if anything, they can supply. Making the least expensive, best widget in the world is irrelevant if Japanese ODA doesn't finance the purchase of widgets. Potential suppliers should study specifications and quantities of previous tenders to determine if they can be met and what type of profit margin is possible. Without an after-sale support network in the host country, which few U.S. firms can offer, a partner will be required, and that generally means a Japanese trading company. Even the largest manufacturers, Japanese or American (such as General Electric), sell goods overseas through trading companies, which are experts in the Japanese ODA and financing process.

CONSULTANTS/ENGINEERS: While goods procurement, except for grant assistance, has become almost fully open, consulting and engineering services financed by Japanese ODA remain at least partially tied. Either for technical assistance consulting

projects under the Japan International Cooperation Agency, or engineering services included in yen loans from the Overseas Economic Cooperation Fund, participation by non-Japanese (companies or nationals) is generally limited to 50% of the value or man-months of a project. It is incumbent for American companies (or individual consultants) to develop strong relationships with Japanese companies who will serve as prime contractors in Japanese ODA projects. More and more foreign consultants are passing through Tokyo and making the rounds of the major Japanese ODA contractors, but foreign participation is still minimal. Without speaking Japanese or knowing the Japanese aid system, foreign consultants must show compelling reasons for them to be included, such as technical or language skills unavailable in Japan. There is particularly strong potential for consultants with expertise in Latin America, Central Asia, Indochina and Eastern Europe, and as the budget grows for softer fields such as institutional building, management and environmental protection, American companies may find their skills in strong demand.

The Japanese government and private sector have shown willingness to allow foreign companies into the ODA system. It is now up to American companies which are serious about participating to take advantage of this window to learn how and where they can get involved.

OPPORTUNITIES FOR U.S.-JAPAN DEVELOPMENT COOPERATION IN VIETNAM

The Bush administration's decision in December 1992 to allow American companies to set up offices in Vietnam and conduct feasibility studies provides the perfect opportunity to promote development cooperation with the Japanese government and private sector.

As compared to other countries in Asia, where Japanese ODA (official development assistance) and private investment are already entrenched, Vietnam is a newly-emerging nation whose huge

development needs cannot possibly be handled by a single country. The past experience of the U.S. government and private sector in Vietnam, combined with the current knowledge, contacts and experience of Japanese companies, makes development cooperation worthwhile for all three parties (U.S., Japan and Vietnam). Following the recent resumption of Japanese lending, infrastructure redevelopment using ODA will slowly begin in 1993 and this presents an opportunity for American companies.

But the U.S. must bring something to the table as well, or Japan will have no reason to look to outside sources. In November, the Tokyo ODA Conference sponsored by the U.S. Commerce Department increased the level of knowledge and understanding on both sides, and raised the consciousness for joint projects. The following are certain programs and projects which are natural for U.S.-Japanese cooperation:

U.S. Trade and Development Agency: This organization provides money for American firms to conduct feasibility studies in developing countries. If President Bush's executive order has not already allowed TDA money to be used in Vietnam, such a change should be implemented immediately. This would allow American firms (with and without Japanese partners) to quickly get a foothold in Vietnam and begin preparing for projects which can be implemented when the sanctions are further lifted. The Japanese government would look highly favorably on such a move, and would encourage Japanese companies to participate, using various funds, including private and official sources.

Redevelopment/Civilian Conversion of Cam Ranh Bay: The legacy of a U.S. military base at Cam Ranh Bay has left the finest deep-water port, an international-standard airstrip and perhaps the best location for heavy industrial development in Vietnam. The Japanese private sector is eager to redevelop this area into a free economic zone, and a preliminary study for development potential was conducted last spring at the request of the local Khanh Hoa provincial government. Based on my experience in

participating in the study, I believe the Vietnamese government would welcome Japan-U.S. joint development of the area, and this would be a model example for the potential of development cooperation.

Oil/Gas exploration: Major American oil companies conducted extensive surveys around Vietnam before the U.S. pullout in 1975, and in many cases, these data remain the best source of information. Japanese trading and oil companies have already begun exporting Vietnamese oil to Japan, but the potential is much higher than current production levels.

Energy/Infrastructure Development: Vietnam's power generation facilities, roads, bridges, ports and telecommunications are in urgent need of repair and expansion. Japanese consulting engineers, trading companies and manufacturers have been combing the country looking for appropriate development projects, and in some cases, have already conducted feasibility studies for implementation after the resumption of Japanese concessionary lending. With the use of TDA funds and additional sources, there are plenty of opportunities for Japanese and American companies to work together in these key sectors.

The Vietnamese government is cooperative and open to foreign investment, and whether or not U.S. firms get in at an early stage, aid and investment from countries such as Japan, Taiwan, South Korea, Hong Kong and Western Europe will continue flowing. The U.S. government should not allow American companies to be shut out; working jointly with Japan provides an excellent way to start.

Senator LEAHY. I notice the Japanese use a great deal of tied aid. If they put aid into a country, it is tied to the sale of their products. I may have missed it, but a sense of altruism is not immediately apparent in the Japanese foreign aid program. Would you agree with that?

Mr. SULKIN. I think that is a perception that has been commonly held for a number of years. But, in fact, Japan's portion of untied aid is much higher than the United States or in fact any other major country.

Senator LEAHY. Its proportion or its dollar amount?

Mr. SULKIN. Both. The only part of Japanese aid which is fully tied are grants. The soft loans for infrastructure are fully untied, and that is most of Japan's program.

Senator LEAHY. And where do they put most of that money?

Mr. SULKIN. Which countries or which sectors?

Senator LEAHY. Which countries?

Mr. SULKIN. Asia still receives the bulk of it, but that percentage has been declining steadily. And I would say probably about two-thirds goes to Asia now, with perhaps 10 percent each to Latin America, Africa and the Middle East.

Senator LEAHY. Where in the last 5 years has Japan concentrated the most in creating new export markets?

Mr. SULKIN. Well, certainly, exports to Asian developing countries are the highest growing part of Japan's exports, but that is because that is the fastest growing part of the world. And I would imagine that is also true for U.S. exports.

Senator LEAHY. And their additional foreign aid there has been coincidental?

I am not arguing the point. I am asking you.

Mr. SULKIN. Well, certainly, the amount of aid in dollars terms is growing. But the percentage of Japanese aid to Asia has been declining steadily.

Senator LEAHY. OK. Thank you.

STATEMENT OF ABE POLLIN, CHAIRMAN, WASHINGTON ADVISORY COUNCIL FOR UNICEF

Senator LEAHY. We have Mr. Abe Pollin who is here for UNICEF. I do not want to embarrass Mr. Pollin, but I would add just parenthetically for the record, in my years here in the Senate, I have met few people who have given more of themselves to a cause he believes in than Abe Pollin has. A man who could easily spend his time living in comfort and doing a lot of things that he enjoys doing in the business world has spent time traveling around the country and also pounding on a lot of doors of Congress to help people who are far less fortunate than he. And I applaud you for it.

Go ahead, Mr. Pollin.

Mr. POLLIN. Thank you very much, Mr. Chairman.

I am pleased to have the opportunity to relate to you my thoughts about UNICEF, a cause to which I have devoted a great deal of my life over the last 10 years. I say cause, rather than organization, because, as I think you know, we are supporting much more than an organization. We are striving for the future of every child, no matter whether that child has been born in a peaceful land or a land embroiled in violent conflict, no matter whether his or her parents are rich or poor.

The we I refer to are those many thousands of American adults and millions of American children who feel as strongly about UNICEF's cause as I do. We have all donated our time and money to help UNICEF address the needs of children in more than 130 developing countries. And we are committed to doing more in the years to come.

On their behalf, I ask you to help ensure the United States keeps the promise made to the world's children at the World Summit for

Children in 1990. Those promises, including the reduction of child mortality by one-third by the year 2000, can only be kept if we afford the children the highest priority—first call priority—first call on society's resources, whether in good times or bad.

And I know, Mr. Chairman, that these are not good times for the U.S. foreign aid budget. But, again, to repeat, first call priority on the assets of all the nations is what all the heads of government promised during that World Summit for Children.

Mr. Chairman, I would like to use my time to make three points. The first is that 10 years ago, when I was moved by an editorial in the Washington Post to create our Washington Advisory Council for UNICEF, less than 15 percent of the world's children were immunized against the deadly childhood diseases; 40,000 children were dying each and every day, mostly in developing countries, from illnesses that can be prevented by an inexpensive vaccine.

Mr. Chairman, I saw the faces of those children personally that you say—what have we seen in the faces of the recipients of the aid that you and your committee and the Congress have generously given? I went to Africa. I saw the faces of those children. And I can never, ever forget looking at the eyes of dying children, because nobody cared enough to provide them with the food and necessities of life that they have.

Jonas Salk discovered the vaccine for polio in the early-1950's; 30 years later, thousands upon thousands of children were dying or left disabled by polio. They had been left behind. No longer. With your help, the help of Congress, the American people and people all around the world, UNICEF was able to lead a global campaign to immunize 80 percent of the world's children by 1990. With your help, they were reached and the goal had been reached. Today, immunization is saving the lives of 3 million children every year.

I am proud to say that our Washington Council has been able to contribute over \$1.5 million to this effort, including recently we raised almost \$400,000 in this community for Somalia and Bosnia relief for children. In 1992, the U.S. Committee for UNICEF raised over \$40 million from American corporations and individuals all across the country.

This is my second point. We are not asking our Government to shoulder all this alone. The U.S. Committee for UNICEF, along with supportive organizations such as Rotary International, Kiwanis International, will keep pace with the U.S. Government. For UNICEF is a truly public/private partnership.

My last point is that UNICEF is attempting to maintain progress toward the World Summit year 2000 goals, while attempting to address an extraordinary number of complex emergencies. Emergency programs such as in the Sudan, Liberia, Mozambique, Togo, Bosnia, and Somalia total 25 percent of UNICEF's resources. In addition, AIDS is taking its own toll on the world's children, and threatening to reverse some of the progress achieved in child survival during the 1980's.

UNICEF will clearly need additional support to maintain its momentum. For this reason, we are asking the Congress to increase the U.S. contribution to UNICEF to \$115 million for fiscal year 1994.

PREPARED STATEMENT

Mr. Chairman, I had the rare privilege to attend the World Summit for Children in September 1990. I witnessed 71 heads of state, including our own President Bush, commit our Government to the seven major goals for women and children adopted at the summit. I witnessed our political leadership commit our Nation to provide our share of the resources needed to achieve these goals. Thanks in large part to you, we have been able to keep that promise to the world's children.

Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF ABE POLLIN

Thank you, Mr. Chairman. I am pleased to have the opportunity to relate to you my thoughts about UNICEF, a cause to which I have devoted a great deal of time over the past ten years. I say "cause" rather than "organization" because, as I think you know, we are supporting much more than an organization. We are striving for a future for every child - no matter whether that child has been born in a peaceful land or a land embroiled in violent conflict, no matter whether his or her parents are rich or poor.

The "we" I refer to are those many thousands of American adults and millions of American children who feel as strongly about UNICEF's cause as I do. We all have donated our time and money to help UNICEF address the needs of children in more than 130 developing countries and we are committed to doing more in the years to come. On their behalf, I ask your help in ensuring that the United States keep the promises made to the world's children at the World Summit for Children in 1990. Those promises, including the reduction of child mortality by one-third by the year 2000, can only be kept if we afford children the highest priority, "First Call" priority - first call on society's resources whether in good times or bad. And I know, Mr. Chairman, that these are not good times for the U.S. foreign aid budget.

Mr. Chairman, I would like to use my time to make three points. First, is that ten years ago when I was moved by an editorial in the Washington Post to create our Washington Advisory Council for UNICEF, less than 15% of the world's children were immunized against the deadly childhood diseases. 40,000 children were dying each and every day mostly in developing countries from illnesses that can be prevented by an inexpensive vaccine. Jonas Salk discovered the vaccine for polio in the early 1950's. Thirty years later, thousands upon thousands of children were dying or left disabled by polio. They had been left behind. No longer. With your help, the help of the Congress, the American people, and people all around the world, UNICEF was able to lead a global campaign to immunize 80% of the world's children by 1990. With your help, they were reached and the goal was reached. Today, immunization is saving the lives of 3 million children per year.

I am proud to say that our Washington Council has been able to contribute over one and one-half million dollars to this effort, including recently almost \$400,000 for Somalia and Bosnia. In 1992, the U.S. Committee for UNICEF raised over \$40 million from among American corporations and individuals all across the country. This is my second point. We are not asking our government to shoulder the load all alone. The U.S. Committee for UNICEF along with supportive organizations such as Rotary International and Kiwanis International will keep pace with the U.S. Government's support for UNICEF in a true public/private partnership.

My last point is that UNICEF is attempting to maintain progress toward the World Summit for Children year 2000 goals while attempting to address an extraordinary number of complex emergencies. Emergency programs such as in The Sudan, Liberia, Mozambique, Togo, Bosnia and Somalia total 25% of UNICEF's resources. In addition, AIDS is taking its own toll on the world's children and is threatening to reverse some of the progress achieved in child survival during the 1980's. UNICEF will clearly need additional support to maintain its momentum. For this reason, we are asking the Congress to increase the U.S. contribution to UNICEF to \$115 million for Fiscal Year 1994.

Mr. Chairman, I had the rare privilege to attend the World Summit for Children in September of 1990. I witnessed 71 heads of state, including President Bush, commit our government to the seven major goals for women and children adopted at the Summit. I witnessed our political leadership commit our nation to provide our share of the resources needed to achieve these goals. Thanks in large part to you, we have been able to keep that promise to the world's children.

I would be pleased to answer your questions.

Senator LEAHY. Thank you, Mr. Pollin.

I think you know my feelings in this area and my deep commitment.

Mr. POLLIN. Yes, sir.

Senator LEAHY. So many of the people who have testified here today have been not only people I have worked with and people I respect so greatly, but also good personal friends. And I feel we are in this whole thing together.

Interestingly enough, so many times the requests made here are requests that benefit none of us individually in these rooms, but benefit people who have nobody else to speak for them. And we will continue to work on it.

I hate to think what this year is like, but on the areas of my traditional commitments, they are not about to slack off this year by any means.

Mr. POLLIN. Thank you, sir.

STATEMENT OF JOHN P. SALZBERG, Ph.D., CENTER FOR VICTIMS OF TORTURE

Senator LEAHY. Mr. Salzberg, you represent a center, which, frankly, I wish did not exist. I wish it did not exist, because I wish there were absolutely no need for it to exist. I wish you could be here announcing you are going out of business, because there is no need for you. And I suspect you would probably agree with that even more than I.

Mr. SALZBERG. I do, too, sir.

Senator LEAHY. I truly mean that. In an era of instant communication, the advances, even a few generations ago, it is inconceivable that people could even believe torture could happen, with such advances in medicine and communications and transportation and learning. To think that there has to be a Center for Victims of Torture is an obscenity.

I am glad you are there. And I am glad that somebody is there to bring attention to these things. But I know that it is an awful world that we live in that it is necessary for you to be there.

Please, go ahead and testify, sir.

Mr. SALZBERG. Thank you, Mr. Chairman. I appreciate having the opportunity to be here. I would like to submit my entire statement for the record and make a few brief remarks.

Senator LEAHY. It will be accepted for the record.

Mr. SALZBERG. Torture is the most effective weapon against democracy and human rights. Repressive governments target leaders of the opposition to eliminate their challenge to authority. A valuable source of leadership and new ideas is stolen from the community.

In the past decade, over 70 programs worldwide have developed to help survivors of torture recover. Their work is an important humanitarian effort, but it also helps communities recover their lost leadership and overcome the fear induced by repression.

We believe that the Clinton administration should include a focus on healing and treatment services for victims of torture as an instrument for advancing human rights and democracy. We call upon Congress to join forces with the administration to introduce this element into our human rights foreign policy.

United States support should be both multilateral and bilateral. The United Nations Voluntary Fund for Victims of Torture has provided financial assistance to treatment programs in more than 40 countries. Many of the programs exist in the developing world, where resources are scarce. The health care providers often face harassment and violence by their governments, which consider treating victims of torture a form of subversion.

Even modest grants, however, provide critical support for the programs and protection from government harassment. In 1993, the United Nations Fund had only \$2 million to distribute. The International Rehabilitation Council for Torture Victims, a worldwide coalition of treatment centers, has said that the resources available to the United Nations Fund are: "* * * totally inadequate." It has recommended that the fund reach an annual amount of \$25 million by 1995, and at least \$100 million by 1999.

Now, we might hope that by 1999, torture would be eliminated, but, even if so, the victims require treatment.

I would like to commend you, Mr. Chairman, for increasing the contribution to the United Nations Voluntary Fund in 1993 to \$500,000. But, to meet the estimated worldwide need, the U.S. contribution should be \$3 million.

We ask the subcommittee to undertake its best efforts to meet this figure. Since the United Nations Fund falls far short of meeting worldwide needs, Congress should direct AID to support treatment programs for victims of torture.

I would like to commend you, Mr. Chairman, for including in the 1992 report of this subcommittee a statement urging AID to support treatment programs. While we appreciate the subcommittee's good intentions, AID did not implement the subcommittee recommendation.

In our view, it is necessary to include in the bill a requirement that AID support treatment services. An earmarking of \$20 million for this purpose would be a good start on meeting the assessed worldwide need.

Senators Dave Durenberger and Paul Wellstone deserve special credit for bringing the importance of treatment programs to the attention of Congress and the administration. I would like to request that their letter dated June 11 to Secretary Christopher be included in the record.

Senator LEAHY. Without objection, it is so ordered.

PREPARED STATEMENT

Mr. SALZBERG. In fact, Secretary Christopher recently visited Minneapolis and visited our center, and made a pledge to seek greater support for treatment programs. I am confident, therefore,

that whatever support this subcommittee can give to the treatment movement would be consistent with the Secretary's remarks.

Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF JOHN P. SALZBERG

Torture is the most effective weapon against democracy and human rights. Repressive governments target leaders of the opposition - usually from the grassroots - to eliminate their challenge to authority. A valuable source of new ideas and leadership is stolen from the community.

Modern torture utilizes sophisticated psychological techniques to dismember the personality of the victim. We know from the experience of the Holocaust victims that the symptoms can last a life time, and be passed from generation to generation. Torture is calculated to have a long term effect, and allows repressive elements to shape society even after the transition to democracy.

In the past decade, over 70 programs have developed to help survivors of torture recover. In countries of exile and of repression, health professionals in multi-disciplinary teams provide treatment for the physical, emotional, and spiritual consequences of torture. Their work is an important humanitarian effort. But helping restore the targets of torture also helps the community recover its lost leadership and overcome the fear induced by repression.

We believe that a focus on healing and rehabilitation services for the victims of torture is an integral element for advancing human rights and democracy. We call upon Congress to join forces with the Administration to introduce this element into our human rights foreign policy. Such a policy would also accomplish the following objectives:

Reinforce the commitment by the United States Delegation to the United Nations World Conference on Human Rights to eliminate torture;

Signal governments engaged in torture that the United States identifies with the victims of repression, not the repressor; it signals even allied states that torture is not condoned as an instrument of control; and

Provide practical support to key constituents in nations struggling to recover from repression - opposition leaders and health professionals who struggle to heal them. Treating torture victims is a positive policy of healing. Also, it allows a very cost effective way of building allies with democratic forces in repressive countries.

United States support for rehabilitation services for victims of torture should be provided

- * Multi-laterally, through the United Nations Voluntary Fund for Victims of Torture; and

- * Bilaterally, through the Agency for International Development (AID).

UNITED NATIONS VOLUNTARY FUND FOR VICTIMS OF TORTURE

The United Nations Voluntary Fund for Victims of Torture has provided financial assistance to treatment programs in more than 40 countries. Many of the programs exist in the developing world where resources are scarce. Moreover, they often face harassment and violence by their governments which consider treating victims a form of subversion. Even modest grants provide critical support for the programs and protection from government harassment. The Fund is a strategic force in eliminating torture because it:

*Provides international political, moral, and financial support to treatment programs;

*Signals the international community's concern for survivors of torture as well as health providers of treatment;

*Reminds the international community of the terrible human costs of torture; and

*Reinforces the right contained in the UN Convention Against Torture for the victim to receive compensation and the means for rehabilitation.

While the Fund has these important financial and political effects, it is clear that its resources do not begin to meet the world-wide needs. Amnesty International estimates that torture and abuse of prisoners occurs in more than 100 countries. Each of these countries has victims in need of treatment. Yet, in 1993 the U.N. Fund had only \$2 million to distribute. In response to an inquiry by the Center for Victims of Torture, the Secretary of the Fund stated "In most of the developing countries where treatment or referral centers exist, almost everything is needed, from medicines to rooms for doctors and patients. The main problem is the large number of torture victims they are not able to help because of insufficient funding."

The International Rehabilitation Council for Torture Victims, a world-wide movement of treatment centers, met in Turkey last October and adopted the Istanbul Declaration which said that the resources available to the UN Fund were "totally inadequate." It recommended that the Fund reach an annual amount of \$25 million by 1995, and at least \$100 million by 1999.

I would like to commend the Chairman of this Subcommittee, Senator Leahy, Senator Tom Harkin, and the other Members of the Subcommittee for increasing the 1993 United States contribution to the U.N. Fund from only \$100,000 to \$500,000. Our increase in funding may have influenced Japan, The Netherlands and Sweden to significantly increase their contributions as well.

But, this is just a first step in meeting the needs of torture survivors. Based on the recommendation of the Istanbul Declaration, the United States contribution should be \$3 million. We ask the Subcommittee to undertake its best efforts to meet this figure.

SUPPORT BY THE AGENCY FOR INTERNATIONAL DEVELOPMENT FOR VICTIMS OF TORTURE

The Clinton Administration has declared that protection of human rights and promotion of democracy are two of its primary foreign policy goals. The process of healing and treatment for victims of torture is an essential element in encouraging these goals. Since the U.N. Fund falls far short of meeting the world-wide needs, Congress should direct AID to incorporate support for treatment programs for victims of torture. AID support would enable the United States to:

*Focus U.S. concerns upon those countries where we have significant influence;

*Demonstrate that regardless of other foreign policy interests, the United States stands with the victims of torture;

*Provide positive support to the victims and their health care providers; and

***Serve as a symbolic and practical instrument of diplomacy particularly where national security considerations prevent the use of military aid sanctions.**

This Subcommittee has recognized that AID needs to supplement the efforts of the U.N. Fund. I would like to commend the Chairman for including in the 1992 Report on the foreign assistance bill the statement that "urges AID to provide assistance for rehabilitation services for victims of torture. Such services include medical, psychological and social services, and legal protection for victims and their families, and support for indigenous rehabilitation centers."

While we appreciate the Subcommittee's good intentions, we are not aware that AID sought to implement the report language. Consequently, it is necessary to include in the bill a requirement that AID support treatment services. An earmarking of \$20 million for this purpose would be a good start on meeting the assessed world-wide need. If the Subcommittee chooses, instead, to use report language, we would request that the Subcommittee actively monitor AID's implementation of the language. In addition, the Subcommittee might ask the Administration to file a report within six months from enactment of the bill on progress in implementation.

As a Private Voluntary Organization registered with AID, The Center for Victims of Torture has been consulting with various treatment centers abroad as to their interest in receiving support from AID. We would be available to work with AID on implementing the Subcommittee's recommendation.

Senators Dave Durenberger and Paul Wellstone deserve special credit for bringing the importance of treatment programs to the attention of Congress and the administration. I would like to request that their letter dated June 11th to Secretary Warren Christopher be included in the record. Their recommendations include increased support for the U.N. Fund and AID support for treatment programs.

The Clinton Administration has recognized that the situation of Bosnia with respect to rape victims and other victims of torture requires a generous humanitarian response by our government. I am pleased to note that the Bureau of Refugee Programs of the Department of State and AID are providing assistance to these victims. We ask the Subcommittee to urge these agencies to give special consideration to the needs of rape and torture victims.

The trauma process we see so clearly at work in former Yugoslavia operates wherever atrocity and repression have been systematically used. The world needs to explore new ways to intervene and heal. We are fortunate that the emerging treatment movement gives us the opportunity to do just that. Let's take that opportunity as a nation: support the healers, protect them, and heal the victims. Providing treatment services to torture and rape victims will help stop the chain of ethnic hatred which has beset the Balkans for centuries.

In conclusion, may I note that Secretary of State Warren Christopher visited the Center for Victims of Torture during his recent visit to Minneapolis. He met with some of our clients. He learned that treatment enables survivors to overcome the pain and suffering caused by torture and resume productive lives. In a public meeting which followed the Secretary pledged to seek greater support both for treatment programs in the United States and abroad. I am confident, therefore, that whatever support this Subcommittee can give to the treatment movement would be consistent with the Secretary's remarks in Minneapolis.

LETTER FROM SENATORS DAVE DURENBERGER AND
PAUL WELLSTONE

The Honorable Warren Christopher
Secretary of State
Department of State
2201 C Street NW
Washington, DC 20520

June 11, 1993

Dear Mr. Secretary:

We would like to take this opportunity to thank you for your recent visit to Minnesota, especially to the Center for Victims of Torture in Minneapolis. We understand that in your public remarks at the Center, you indicated your desire to seek greater U.S. government support for the treatment of torture victims. We commend you for your support of these important efforts and wish to bring to your attention several additional issues related to torture and its victims.

Unfortunately, torture remains one of the most effective, long-term weapons against democracy. Repressive governments frequently target those groups and individuals who are struggling on behalf of human rights and democratic principles. Torture is intended to destroy the personalities of its victims and to instill fear throughout entire societies.

Providing rehabilitative services to those who have been tortured helps to strengthen the leadership of emerging democratic societies. It provides healing to the victims, allowing them to reclaim their lives and resume their roles in promoting a pluralistic society that respects human rights. It helps to create a society that can nurture victims and help them overcome the fear and isolation that torture engenders.

During the last decade, the international community has increasingly recognized the devastating physical, psychological, and social effects of torture, and the importance of providing rehabilitation assistance to ease the trauma suffered by torture victims. At the same time, advances in psychology and medicine have offered new means of treating torture victims.

The rehabilitation movement has grown from a single center in 1979 to more than 60 programs throughout the world. These exist not only in countries of exile, but also in many countries whose governments are or were until recently engaged in torture. Many of the latter centers operate with meager resources and, at best, are tolerated by their governments. The International Convention Against Torture, approved by the Senate in 1990, obligates states to stop the use of torture worldwide and calls upon all governments to provide resources and programs to help victims recover. Nonetheless, little has been done to implement its terms.

The United States has a unique opportunity to promote democracy and protect human rights by supporting this movement to heal the victims of torture. In a recent meeting with our former colleague, Counselor to the Department Timothy Wirth, and Assistant Secretary John Shattuck, Doug Johnson, Executive Director of the Center for Victims of Torture, outlined several actions the Clinton Administration could take to demonstrate its support for this movement. We support these proposals and urge you to consider taking the following actions:

- * Support the call by the world rehabilitation movement to build the U.N. Voluntary Fund for Victims of Torture to \$25 million by 1995, symbolizing the international community's concern and resolve. Increase the U.S.

contribution from \$500,000 to \$3 million, and urge other states to increase their contributions accordingly.

* Commit additional funding for bilateral support of programs which provide services to victims of torture in countries where torture is practiced, such as is now provided by the U.S. in Ghana and Chad. The funds could be administered through USAID or other agencies. Bilateral support to such centers could symbolize America's commitment to human rights.

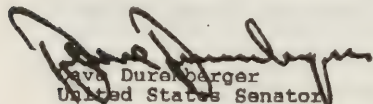
* Establish a policy of visible support for the treatment centers, by inviting their staff to U.S. embassy functions, cosponsoring their conferences, and scheduling Congressional and other high-level visits. By making our support of such centers visible, we underscore our commitment to protect the victims of repression and those who serve them.

* Commit additional funding to treating the approximately 200,000 survivors of torture now living in the United States, many of whom have been prominent figures in academe, labor associations, human rights organizations, and other civil associations in their countries of origin. Regaining their leadership and contributions to civil society is important and would help to promote the health of our communities at home.

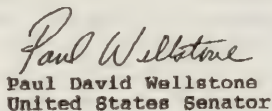
Your visit to the Center for Victims of Torture and your comments there are welcome steps toward greater recognition of this crucial human rights concern. The above actions would further demonstrate the sincere commitment of this administration to ending the horror of torture worldwide.

Thank you for your consideration of these proposals. We look forward to continuing to work with you on this and other matters.

Sincerely,



David Durenberger
United States Senator



Paul David Wellstone
United States Senator

Senator LEAHY. Thank you very much.

One thing on the question of earmarks, there will probably be less earmarks in this bill than in the past. But I also know the new director of AID and have a great deal of respect for him. And I am hoping that we can try a number of things without earmarks for change, and see what comes of that.

I am going to take about a 4-minute recess, only because I am told I have a phone call I have to return, and then we will go to the last panel.

Thank you all very much.

[A brief recess was taken.]

STATEMENT OF ADRIAN KARATNYCKY, ASSISTANT TO THE PRESIDENT, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

Senator LEAHY. This place is emptying out.

Mr. Karatnycky, it is not because you are going to testify first, I want you to know. We will have Adrian Karatnycky, Kenneth Farrell, Mark Ellis, John Kavulich, and George Packard.

Go ahead, sir.

Mr. KARATNYCKY. Mr. Chairman, first of all, I am very grateful for the opportunity to testify on behalf of the AFL-CIO at this meeting of your subcommittee, and I also have prepared remarks, which I would like to share with you by virtue of putting them in the record.

Senator LEAHY. It will be admitted. Thank you.

Mr. KARATNYCKY. And for the sake of both brevity and for the sake of your own benefit, I would like to perhaps focus on just a few issues that underline the AFL-CIO's engagement in foreign affairs activities and its views on the foreign aid package for foreign operations appropriations for this year.

I think it can be said that we are living in a time in which there is a growing amount of public cynicism about how our foreign aid dollars are spent. And I also think that the AFL-CIO, which is a strong supporter of foreign aid, grapples with this on a day-to-day fashion when we try to explain the nature of our commitment and our engagement in foreign affairs to our members.

Some of the underpinnings of the public doubt about foreign affairs stem from, I think, the collapse of the glue that held together our broader foreign policy, which is sort of the overall aim of fighting communism and the existence of an effective bipolar world. We believe, though, with the Clinton administration and with the Congress, that are now new organizing principles that need to be put forth before the American people in summoning up broader public support for foreign aid through the support of strong democratic institutions and a building of civil society. And that is something that we have worked with you over the years on.

We have, over the years, worked, for example, on the area of aid to Poland and to the Polish democratic movement throughout the 1980's, and remember a number of meetings with you and your committee which were very helpful in helping build support for the Solidarnosc trade union movement in those years.

Today, workers' movements are no less essential around the world. Today, just this very day, 1 million workers are on strike in the Ukraine, coping with the wrenching transition from a statist economy to a market economy. We have had, in recent weeks, the Solidarity Trade Union movement, which was a great bedrock of democratic reform, help bring about the collapse of the last police government and precipitated the calling of early elections, again, because of the wrenching pain of economic transitions.

And as the United States looks toward helping societies move from statist systems to democracy and to market systems, the AFL-CIO believes it is essential to help along those mediating institutions that help give voice to a public which really is being buffeted by these very deep and painful transitions.

And it is essential in these post-Communist states and in other states that are moving from dictatorship to democracy to have these mediating structures of trade unions to responsibly give voice to adjudicate this transition, to negotiate this transition, because it is, after all, an undertaking which cannot be done simply at the top. It cannot be negotiated among narrow elites in any society any longer. It cannot be handled through Rolodex diplomacy. That is not what brought about the collapse of these societies from dicta-

torship, and that is not what is going to bring them along in the direction toward stability, social justice, and democracy.

And so, as your subcommittee looks at the foreign aid package, we hope that you will be mindful, even in the general language, of giving expression to some of those ideas about building strong civil mediating institutions, and trade unions in particular.

That is sort of our broader, overarching purpose. We think that, in a sense, it creates both stability and democracy. Because unions really do give voice in societies where people were terribly atomized and terribly divided. Unions are one of the few ways, one of the few institutions in which people can organize at the community level and give voice to their interests and their demands.

For a number of decades, the AFL-CIO has, through its four international institutes, engaged in public work by using public dollars in support of democratic transformation. We have been the beneficiaries of funds from the U.S. Agency for International Development, the USIA, and the National Endowment for Democracy. And, in the main, our assistance, we believe, has been a model of how the United States might think of approaching broader foreign aid in the post-cold war world.

PREPARED STATEMENT

That is to say, public support is likely to be enhanced if a substantial proportion of foreign aid is channeled through nongovernmental organizations to their nongovernmental counterparts. You, yourself, mentioned in an exchange with one of the earlier speakers about the idea of funds being funneled off to build mansions or to build, you know, large armies and so on. And I think that one of the ways of protecting against that and one of the ways of engaging the American public in this mission of promoting our democratic values and democratic traditions is by helping American NGO's to be empowered to engage in this process of building and assisting their counterparts in societies, in particular, in transition to democracy.

Senator LEAHY. Thank you.

I intend to look at some of that in Poland sometime early next month when I travel there. But thank you very, very much.

[The statement follows:]

STATEMENT OF KARATNYCKY

Mr. Chairman and members of the Subcommittee, on behalf of the AFL-CIO I welcome this opportunity to comment on U.S. foreign aid priorities.

First, the American labor movement would like to restate its support for the Clinton Administration's emphasis on democratization as a fundamental goal of American foreign policy. We believe that democracy-promotion is both a moral cause, and a path toward a more peaceful and prosperous American future. Nations which are democratic and respect human rights are generally less prone to start wars or challenge U.S. security interests. And nations in which citizens are free to participate in political and economic decision-making are more apt to have stable middle-classes and be fruitful U.S. trading partners.

With the collapse of the Soviet empire, many nations around the world have attempted the transition to democracy. Unfortunately, many of these democratic advances are far from secure. Regional, religious and ethnic conflicts, the pain of economic adjustment, and the spread of nuclear technology to hostile and unstable regimes all threaten recent democratic gains. In large measure, the success or failure of these emerging democracies will depend on the strength of their civil institutions, including: free trade unions, free media, environmental groups, women's organizations, religious institutions, political parties, and business groups. It is this nongovernmental civil society that is the bedrock upon which political democracy rests, and it deserves American assistance and attention.

In this regard, the AFL-CIO believes that the existence of strong and independent trade unions is critical. It was no accident that democratic trade unions played an active role in keeping Western Europe free after World War II, that Solidarnosc was key to the Soviet collapse, or that from South Africa, to Chile to the Philippines — wherever democracy is taking hold — trade unions are there, giving ordinary working men and women a voice in their own political and economic destiny. As a pillar of democracy, labor's strength is three-fold:

First, they are often a worker's only direct experience of democracy in action. Unions are the place where workers, many of them with little formal schooling, learn to raise their hands, be recognized, get up and say something. They learn how to organize and run a meeting, about the rules of parliamentary procedure and about living with, and respecting, dissenting voices.

Second, even where the mechanisms of collective bargaining do not exist, unions are often the only mass-based democratic institution that can counter entrenched tyrannies and ruling elites. By their very nature, unions focus and project the economic concerns of a large number of individual citizens into the political arena. Thus, they diffuse power away from dictators and oligarchs. In the many developing nations — both democratic and undemocratic — which are in need of drastic economic reform, unions' social/political role can also act to mitigate the destabilizing effects of rapid change. They are, in fact, a vital mediating institution between state power, the rich and powerful, and the individual citizen.

And third, when they are allowed to operate freely, unions peacefully protect and extend prospects for economic self-determination and the development of a stable middle-class. Through the unglamorous process of organized collective-bargaining, workers have the ability to negotiate their own wages and working conditions. Where this mechanism does not exist, wages and working conditions will be determined unilaterally by the employer, or be set by state decree. Both alternatives tend to concentrate economic — and therefore, social and political — power into the hands of a small elite. In their extremity, the first alternative is entrenched oligarchy and serfdom, the second is totalitarianism.

Tyrants understand the pivotal role of a democratic labor movement. That is why trade unions are the first institutions that are destroyed in a totalitarian seizure of power, whether it be fascist or communist, and why waves of anti-union repression continue to roll through other undemocratic regimes.

For several decades, through its four international institutes, the AFL-CIO has maintained international assistance programs, supported by its own resources and funded through grants from U.S. government agencies, such as the U.S. Agency for International Development, the U.S. Information Agency and the quasi-independent National Endowment for Democracy. Today, these institutes maintain a presence in some fifty countries on four continents, offering technical assistance, training and moral and financial support to fledgling and beleaguered trade unions in developing nations. (Please see the attached for selected examples of democracy-promotion activities). This connection with grassroots labor organizations around the world gives us a unique perspective on how U.S. foreign aid assists — or fails to assist — those at the

factory gates and on the shop floors. The following suggestions reflect our many years of experience in conducting this work:

The AFL-CIO believes that President Clinton's enlightened policy on democracy promotion can only be realized by refocusing much of our foreign aid away from direct government-to-government assistance and toward "private" assistance, if you will, between and in support of private-voluntary and nongovernmental organizations (PVOs and NGOs).

In this regard, the AFL-CIO believes that the independent National Endowment for Democracy has been one of the most effective and cost-efficient American instruments in the promotion of democracy and American interests abroad. Therefore, we urge that you fully support the Administration's proposal to increase NED's basic appropriation. Similarly, we believe that the United States Information Agency should place a greater emphasis on non-governmental assistance in its democracy promotion activities. In the absence of a democratic mass media, the USIA's Voice of America and Radio Free Europe/Radio Liberty have proven to be a cost-effective vehicle for democracy promotion. These radios have done much to ensure the free flow of information into closed societies and emerging democracies, and we urge that their work be continued and an Asian Democracy Radio be established.

But it is the United States Agency for International Development — perhaps this country's best known foreign assistance agency — that is most in need of overhaul. For far too long, AID funds were used to hinder, rather than assist, the cause of democratization. For example, last year the labor movement helped to publicize the misuse of AID's Bureau for Private Enterprise. Through this program, American workers' tax dollars were being used to help transplant their jobs to low-wage countries. In many instances, these funds were also used to help support corporations and foreign governments in their abuse of worker rights and undermining of democratic worker organizations.

In order to prevent such abuse in the future, the AFL-CIO believes that AID should be reorganized so that all of its programs, including the Bureau of Private Enterprise, are coordinated with — and subordinate to — a democratic approach to development. This means that both development assistance and democratization assistance programs must be designed to be of benefit to average citizens — in other words, workers. Through bitter experience, we

know that when any other consideration is allowed to take precedence, the results are injurious to the long-term interests of workers in developed and undeveloped nations alike.

In addition to a greater reliance on PVOs/NGOs in the provision of foreign assistance, such a reorganization of AID should also allow for more flexibility in the furnishing of grants. For instance, funding should be allowed for non-governmental, democracy-building initiatives in non-AID eligible nations. Pro-democracy civic institutions, that are able to survive under governments that are hostile to U.S. values or which sponsor terrorism, need our assistance the most. Consideration should also be given to changing the current practice of allowing AID-eligible, non-democratic governments to approve or disapprove democracy-building initiatives that involve direct NGO-to-NGO assistance. In addition, the revamped AID structure should also include a "rapid response" authority, to react swiftly to emerging opportunities. Administrative rules must be eased, and bureaucracy streamlined.

Thankfully, in the aftermath of the Cold War the perennial contest between short-term geo-strategic interests and the long-term national goal of democratization has ended. Therefore, we urge that human and trade union rights be weighted heavily as a factor in your decisions on the allocation of a limited U.S. foreign aid budget.

Thank you.

Selected Examples of Democracy-Building Activities by the AFL-CIO's Regional Institutes

THE FORMER SOVIET BLOC

Poland

Of all of American labor's assistance and democracy-promotion programs, its aid to Poland's Solidarnosc trade union federation is probably the most widely recognized. The labor movement which helped hasten the demise of the Soviet empire was formed in the summer of 1980. But the roots of Solidarnosc extended back at least a decade to 1970, when spontaneous strikes were suppressed by the military and at least 300 workers were killed. It was after these events that contact was established between U.S. unions and Polish worker dissidents. In 1980, when an estimated 4 million Polish workers took to the streets and won official government recognition for Solidarnosc, their leaders turned to the AFL-CIO for assistance. They asked for equipment, supplies and moral support. It was given, and Solidarnosc prospered for a euphoric 18 months.

At 6:00 a.m. on December 13, 1981, the Polish regime responded by declaring martial law, banning Solidarnosc, and arresting trade union leaders and activists. In the first week of martial law, over 10,000 people were imprisoned and within the next year, an estimated 100,000 were taken into custody. The AFL-CIO's commitment to help was unshaken. Rank-and-file American workers contributed almost \$300,000 to the Polish Solidarnosc Fund. By mid-1982, hundreds of Solidarnosc groups were functioning, underground. Funds were used to support those in hiding, and to smuggle in typewriters, mobile printing presses and other

equipment. With Solidarnosc representatives outside of Poland, an elaborate underground network of assistance and communications was established, operating out of Western Europe. In Poland, dozens of clandestine newspapers and bulletins began to appear, posing a challenge to official media and sustaining the hope of millions of Polish workers.

Beginning in 1984, with the authorization and funding by the U.S. Congress of the National Endowment for Democracy, the AFL-CIO's Free Trade Union Institute (FTUI) began its support of the Coordinating Office of Solidarnosc in Brussels, the union's link to Western supporters. Throughout the decade, FTUI helped to fund shipments of scores of printing presses, dozens of computers, hundreds of mimeograph machines, thousands of gallons of printers' ink, hundreds of thousands of stencils, video cameras and radio broadcasting equipment.

In 1989, partial democracy was restored and Solidarnosc began to function in the open. With the changed circumstances, Solidarnosc's needs and requests for aid also changed. FTUI began to provide nut-and-bolts technical assistance, such as: printing pamphlets containing rules of order on how to run a democratic meeting, information on various models for structures of democratic organizations, leadership training for local leaders, information on collective bargaining and contract negotiating strategies, rudimentary training in Western economic theory, etc. Such support continues.

Bulgaria

In February 1989, Bulgarian human and worker rights activists launched the Confederation of Labor, Podkrepa. The organization grew rapidly, and in the period leading up to the October 1991 elections, Podkrepa, had become the strongest and most unified organization in the democratic opposition. The federation became a magnet for workers disillusioned with communist rule, and attracted and held a pool of talented people unmatched in the democratic opposition.

As a result, Podkrepa played an indispensable role in the fight to defeat totalitarianism in Bulgaria. Its president created, and was instrumental in promoting, the organizational structure that brought victory within reach of the democratic opposition. Podkrepa's national organizational strength was the critical factor in achieving that victory. Its leadership and structure, especially at the national level, were deeply involved in every aspect of the democrats' struggle for power.

With communist-successor regimes still in power, from May 1990 and through most of 1991, FTUI's assistance program in Bulgaria was geared primarily toward infrastructure support. Minivans, computers, newsprint, copiers, faxes, walkie-talkies, mobile sound systems -- these things gave the Confederation's talented organizers the tools they needed to have a maximum impact on the political process. They also strengthened Podkrepa's organizational clout and helped it to manage rapid membership growth. At Podkrepa's request, FTUI also conducted education programs in that period that were mostly designed to demonstrate to the long-isolated Bulgarians that American unions supported their effort to bring democratic government to their country.

In 1992, FTUI's programs began to focus on institution-building. A field office in Sofia has now been established, allowing for targeted, swift and flexible responses to assistance requests. Technical assistance and training programs have been designed to meet the needs of a new, more complex period of economic reform and democratic consolidation.

The Former Soviet Union

For the past three years, FTUI has given moral and material support to the coal miners who have formed democratic trade unions in Russia, Ukraine and Kazakhstan. It is precisely these coal mining trade unions who at the most critical moments have rallied to the cause of democracy and reform. Boris Yeltsin has credited them with turning the tide against the reactionary forces who tried to prevent his election to the Russian Presidency. During the attempted coup of August 1991, the miners unions were the first to respond to Yeltsin's call for a general strike and to plan active resistance to the coup plotters.

FTUI, through its educational programs and infrastructure support to democratic unions, is giving workers in the former Soviet Union the skills and tools to address their grievances in constructive ways. Groups assisted by FTUI, such as the Independent Miners Union of Russia, the Independent Trade Union Center of Kazakhstan, or the Lithuanian Workers Union, are finding ways to influence the content of labor-related legislation, to protect the interests of workers during the painful privatization process, and to negotiate better wages and working conditions for their members without derailing the reform process.

AFRICA

Since its inception in 1964, the AFL-CIO's African-American Labor Center (AALC) has played a unique role in nurturing the principles of free trade unionism and democracy in Africa. For many of the intervening years, AALC programs were focused on assisting beleaguered African unions, struggling to survive years of repression under authoritarian regimes. In recent years, as demands for political liberalization swept across the continent, the AALC has intensified its efforts to support and strengthen the trade unions in their struggle for democratic change. AALC's programs in South Africa and Kenya are cases in point.

South Africa

Political change in South Africa over the past two years has been characterized by a continuous series of successes and setbacks. The optimistic launching of the Convention for a Democratic South Africa (CODESA) was shattered in May 1992, when the government adopted a recalcitrant negotiating posture which dissipated the momentum of this effort to seek change. The breakdown of CODESA was immediately followed by the massacres at Boipatong and Bisho, which were much publicized in the international press. The remainder of 1992 was spent attempting to recapture the momentum through conciliation, dialogue, and coalition building.

What is obvious is the eventuality of a national election in the near future. While the exact date of the election has yet to be determined, South Africa certainly has less than a year to develop the electoral structure. More important, and demanding, is the necessary time to educate the voting population on the structure, process, and issues. The AALC's program of action in South Africa is assisting the labor movement there in preparations for the elections.

The Trade Union Civic Education Project, initiated by AALC in 1991, provides South African federations and their affiliates with the knowledge, skills and resources to establish political education departments within their individual unions. These departments develop an awareness of the political process at the grass roots level, and lay the foundation for civic participation through timely and frequent publications and programs. The focus is on the democratic process in general, and on the rapidly changing political developments in South Africa. The program reaches not only union members, but also their families, and the communities in which they live. The AALC sponsored a trade union political-education expert, borrowed from the American Federation of Teachers, who lived in South Africa from November 1991 to June 1992 to carry out this program.

In the fall of 1992, three South African trade unionists were among the 15 African labor leaders who took part in an AALC leadership training seminar on labor unity and political pluralism held in the U.S. Labor solidarity, which helped the trade unions of Africa to survive the harsh repression of the apartheid years, and more recently brought them to the fore of popular democratic movements, is now being challenged by a multiplicity of new political parties vying for the allegiance of workers. This and other topics related to the complex role of independent trade unions in democratic society were discussed and analyzed.

Ten South African trade union leaders also participated in a U.S. election study tour in November, 1992. The purpose of the program was to examine and analyze the role of the AFL-CIO in the presidential election. The delegates spent the first week in Washington, D.C., studying American labor's national strategy, and then went on to selected American cities to observe first-hand the various mechanisms used by the local unions to encourage worker participation in the elections. The final phase of the tour involved analysis of the strengths and weaknesses of labor's efforts, and discussions and planning on applicability to their home country election process.

In March 1993, a three person delegation from the AFL-CIO's Committee on Political Education (COPE) spent two weeks in South Africa meeting with trade union leaders as well as other organizations involved in the political emancipation of South Africa. The purpose of the trip was to assess trade union preparations for the upcoming elections and to determine ways in which AALC could offer technical assistance. As a result of that trip, and on the basis of the delegation's findings, the AALC has developed a political education program. American trade unionists, experienced in labor participation in the democratic process, will share their expertise with South African counterparts. Emphasis will be on voter education, voter registration, and voter participation. In addition, the program is designed to help prepare trade union activists for post-election political involvement, preparing the South African trade unionists to monitor the activities of elected officials and work to ensure that they remain accountable to their worker constituents. The program also aims to improve the unions' ability to implement political education programs, as it educates union members and their communities about the political process and issues.

Kenya

The early 1960's witnessed Kenya's movement toward independence from Britain, and the emergence of two major parties, the Kenya Africa National Union (KANU) and the Kenya African Democratic Union (KADU). These two parties vied in the first national elections in 1963 with KANU emerging victorious. In the 1969 elections, only KANU candidates were allowed to contend for positions, and in 1982 the constitution was amended to make the ruling KANU the only legal political party in the country.

In 1991, the Forum for the Restoration of Democracy (FORD) was established as a pressure group to lobby for the return of multiparty democracy. The state's efforts to repress FORD's initiative were met by international support for the democratic movement and internal demands for multiparty democracy. Threats by foreign donors to withhold needed assistance in late 1991, forced the government of President Moi to repeal Section 2A of the constitution which mandated a single party state. FORD became the first registered opposition party.

In December, 1992, Kenya held its first multiparty elections since 1963. The AFL-CIO, through its African-American Labor Center, was actively involved in trade union preparations.

In early 1992, the AALC provided technical assistance and advice to the Kenyan trade union federation, the Central Organization of Trade Unions (COTU), in the development of a newspaper *COTU Speaks*, and production of a special May Day edition. Such newsletters have long been recognized as a valuable means of communication between the unions and their members. They facilitate the spread of information and ideas through a well-established network. The May Day edition of *COTU Speaks*, published in both English and Swahili, established COTU's non-partisan position, and went on to demand wage increases for workers caught between high inflation and wage restrictions.

In September, three COTU leaders participated in the AALC seminar on labor unity and political pluralism at the George Meany Center for Labor Studies. In November, at the request of the deputy secretary general of COTU, a participant in the September seminar, AALC's director of education and research traveled to Kenya to help organize a similar seminar there. The purpose of the seminar was to strengthen labor solidarity in Kenya, prepare a political policy for the new multiparty era, and to establish a policy agenda for dealing with the impact of structural adjustment on workers. The general secretaries of 19 of COTU's 29 affiliates came together to discuss political policy issues.

That October, a representative of COTU joined 17 other African trade unionists in a U.S. election study tour to observe the role of the AFL-CIO in the presidential elections.

When the Kenyan elections were held on December 29, 1992, an AFL-CIO observer team was on the ground, at the request of COTU. The objective of the mission was to undertake a representative canvas of the country, primarily in areas with high concentration of union membership, and report on the fairness of the elections based on international standards and trade union perspectives. The team visited 85 polling places in 38 districts with a total of 770,969 registered voters. They observed 48 poll openings, and visited 18 counting stations. The team was impressed by the lack of violence on election day. Kenyans

waited in line, sometimes up to six hours, in order to cast their votes. The team characterized the elections as free, but not necessarily fair, with a great deal of reservation. If nothing else, these elections were, categorically, a step toward democracy. President Daniel arap Moi won with only 34% of the national vote, with the opposition candidates dividing the majority. Moi's party, the Kenyan African National Union (KANU), won 100 of the 188 contested seats in parliament, with the divided opposition winning 88 seats.

In South Africa and Kenya, as well as in numerous other countries across the continent of Africa, the AALC has promoted democracy through a comprehensive program of education, observation of the role of the American labor movement in the political process in the United States, exchange of experiences with union leaders of other African countries, and development of union-based political and civic education programs.

ASIA AND THE PACIFIC

Thailand

The events of 1992 in Thailand were a vivid testimony to the impact of the Asian American Free Labor Institute's (AAFLI) assistance programs. Since 1987, AAFLI has been running democracy programs in Thailand ranging from voter registration to democracy education. During that six-year time span, almost 2,000 trade union officials were trained through democracy education seminars in the fundamentals of democratic theory and practice as well as the role of trade unions in a pluralistic society. A key component of the program is the intensive training of "democracy educators" who in turn, train rank-and-file workers.

As is usually the case with programs of this nature, it was not until the pro-democracy protests erupted in May 1992 against the Thai military junta that the true effectiveness of AAFLI's effort was clearly evident. Many of the individuals AAFLI trained as democracy educators took leading roles in the demonstrations. Labor union leader and AAFLI trainee Somsak Kosaisuk was a founding member of the Confederation for Democracy, the coalition that served as the driving force behind the protests. Other democracy educators took high profile positions beside Somsak at the demonstrations, and trade union leaders ignored threats from the then Director General of the Department of Labor and encouraged their members to join the pro-democracy rallies. Despite the junta's banning of state enterprise unions, these workers played a pivotal role in the protests, braved military attacks on unarmed protesters, and were instrumental in the return of civilian rule.

The Philippines

AAFLI has played a key role in assisting unions to fight for democracy in the Philippines. For example, its support for free trade unions, and the pivotal role of those unions in boosting the "people power" revolution in 1986 that brought about the first free elections in years, demonstrated how a relatively modest amount of assistance to democratic institutions can have a far-reaching effect. Through its assistance to the Trade Union Congress of the Philippines (TUCP), the Institute provided the opportunity for the TUCP to participate in the National Citizens Movement for Free Elections (NAMFREL), the crucial organization that ensured that the election of 1986 was freely and fairly conducted. During the run-up to the election, the Institute helped TUCP train poll watchers, educated workers on key issues in the campaign and promoted voter turn-out.

Another persistent problem that the Philippines faced, even after the departure of former President Marcos, was human and worker rights violations. In a comprehensive approach to the issue, AAFLI helped facilitate a number of activities, including a series of regional human rights conferences sponsored by the TUCP and the Commission on Human Rights. This process culminated in a National Conference on Trade Union and Human Rights held in Manila, at which Corazon Aquino was the keynote speaker. Over 115 representatives from various trade union organizations, government, judiciary, military and academia participated. These education sessions were followed by series of radio dramas that focused on worker and human rights violations, and the ways that citizens could seek redress. Commenting on the radio dramas, AID in the Philippines wrote that:

(a) the GOP's (Government of the Philippines) Commission on Human Rights credits the radio dramas as a leading factor in the decline of alleged abuses of military personnel against civilians; and (b) the Commission cites a sixty percent increase in the reporting of human rights violations since the radio programs were launched in October, 1990. We also applaud the Commission's plans to translate and broadcast the radio dramas in other regional languages, such as Bicolano and Ilocano. This in itself is an excellent verification of project benefits being sustained post-project.

Nepal

Just as real political democracy came to Nepal in 1990, so too came the birth of the Nepal Trade Union Congress (NTUC) in February 1991, which marked the birth of that country's independent democratic trade union movement.

There are not many two-year-old labor confederations that can say they have been able to significantly influence the drafting of their country's new Trade Union Act, while at the same time internalizing the spirit of democracy by implementing a highly participatory drafting and consultative effort to formulate a new union center constitution. With AAFI's assistance, the NTUC accomplished both. In doing so, the NTUC has played a key role in bringing greater hands-on knowledge of democratic processes to the approximately 120,000 Nepalese workers who are NTUC members and indirectly, to the people of Nepal as a whole.

Recognizing the labor legislation and worker rights vacuum that needed to be filled, AAFI sent a labor law expert to Kathmandu to work with the NTUC in drafting a trade union act. Meeting with key union leaders and several of the country's ministers, the labor law expert solicited their opinions on the labor code. With this input, he assisted the NTUC in drafting a revised law and presenting it to the government. This draft formed the basis of the trade union act passed by the Parliament in 1992.

The heart of the AAFI-assisted Democratic Structuring Project was its commitment to involve as many workers as possible in the process of developing an NTUC constitution. The goal was to help the NTUC create a democratic structure that ensures members' sovereignty through the election of officers who are accountable to the rank and file. Additionally, the NTUC sought AAFI's assistance in developing parliamentary procedures that lead to democratic decision-making at all levels of the confederation. According to our information, the NTUC is currently the only private, democratic institution in the country to have adopted democratic procedures. Competing communist inspired-unions have now begun to try to play catch-up.

Writing in April 1993 about the AAFI program in Nepal, U.S. Ambassador Julia Chang Bloch, who earlier served as a key official in the Agency for International Development, wrote: "As we discussed when you were here, this Mission is greatly pleased with the start AAFI has made in working with the Nepal Trade Union Congress. There is no question that this has been and will continue to be, an important contribution to building democracy in Nepal."

Indonesia

In recent years, the issue of exploited workers and their lack of freedom in Indonesia has been an increasing concern of the Indonesian media, beginning with AAFI's assistance to Indonesian unionists trying to expose widespread violations of the minimum wage law in 1989. The U.S. Embassy in Indonesia has estimated that as a result of this program, over one million Indonesian workers who were not being paid the minimum wage are now receiving it.

Following up on the techniques of the minimum wage survey, one current AAFI program is to assist the All Indonesia Workers' Union (SPSI) in putting 220 local union surveyors at factory gates and in workers' neighborhoods. Information collected on Indonesian workers unfairly dismissed for trade union activity is being distributed to dozens of Indonesian and foreign human and worker rights organizations, journalists, academicians and development specialists. Survey activities with so many people in the field talking with so many workers, raises workers' awareness and puts pressure on officials whose nominal task it is to protect workers. The effect thus far has been to:

- highlight the importance of the rule of law;
- empower workers through education, as well as the formation of their own unions; and
- encourage workers to use the legal system to redress their grievances.

LATIN AMERICA AND THE CARIBBEAN

Chile

The American Institute for Free Labor Development's (AIFLD) program in Chile during the Pinochet dictatorship gives some insight into the role that a private international institution can play in promoting democracy in a dictatorship.

In the weeks and months following the 1973 coup d'etat of General Pinochet, the AIFLD office literally served as a refuge for trade unionists seeking a place to meet or fleeing persecution by the Chilean Secret Police (DINA). Sometimes the simple association with AIFLD with its connection to the AFL-CIO and the international trade union network was enough to protect Chilean trade unionists from arrest or worse. Often, the family or union colleagues of a worker recently arrested would phone the AIFLD director so that a protest could rapidly be submitted before he or she "disappeared".

In 1974, just 5 months after the coup, the first of various courses containing large contingents of Chilean worker leaders was sponsored in Front Royal, Virginia. This course, contained two participants, Manuel Bustos and Oscar Munoz, who would later go on to be leaders of the democratic opposition. They were to be detained, arrested and in the case of Bustos, exiled. Today Munoz is the Chilean Labor Attache in Washington and Bustos is the president of the CUT/Chile.

Within Chile, a group of federations meeting in the AIFLD offices in Santiago formed what was to be the first national trade union organization to oppose the regime. It was simply called the "Group of Ten". In the following years, AIFLD sponsored trade union courses in all parts of Chile. These courses enabled trade union leaders from Santiago to maintain contact with smaller embattled organizations in the provinces. Some of these men were detained by police. Some were arrested. Some disappeared. The AIFLD director at that time was harassed by the military police. Various seminars were broken up by the authorities.

At the same time, to focus international attention on the situation in Chile, AIFLD in coordination with the AFL-CIO organized various high level trade union missions to Chile that were able to visit workers, extend solidarity and condemn the dictatorship. US portworkers repeatedly threatened to boycott Chilean ships.

Throughout the seventies and eighties the trade union opposition evolved. New organizations were formed. The international labor community became involved with various solidarity programs. The "Group of Ten" became the Democratic Workers' Union (UDT) and its president, Tucapel Jimenez, was assassinated in February, 1982. In December of that year Manuel Bustos, then the leader of the National Trade Union coordinator, was exiled. The AIFLD and AFL-CIO were in the forefront of those organizations pressuring the government to allow his return. The campaign was eventually successful and he was allowed to return in 1985.

(Separately, in 1985, the AFL-CIO petitioned for the withdrawal of Chile's GSP trade privileges, citing the country's record of gross violations of internationally-recognized labor rights standards. In Dec. 1987 the US Government announced that Chile would be removed from the list of countries receiving GSP privileges. In these latter years a series of high level AFL-CIO and ICFTU missions were organized to protest the jailing and internal exile of trade unionists. During one such mission, the President of the United Bricklayers Union, the Executive Director of the AIFLD and his deputy were tear gassed and beaten by police who broke up a union demonstration in front of the Supreme Court.)

The new constitution authored by General Pinochet called for a national 1989 to determine whether his government was to continue for four more years. AIFLD, using NED resources, actively assisted the trade unions in their "NO" campaign. The 1989 plebescite was attended by an observer team from the AFL-CIO which had been coordinated by the AIFLD.

A second team was also coordinated in 1990 when the Pinochet Dictatorship, after 17 years, was voted out of office.

The Region

The AIFLD role in Chile was and is being duplicated in other countries where political and economic democracy and human rights have been abrogated. For the past seven tumultuous year years, AIFLD has maintained a presence in Haiti and support of democratic Haitian trade unions continued uninterrupted, despite the military crack-down. The successful transitions to democracy in Argentina, Ecuador and El Salvador were, to some extent, the result of trade union pressure, maintained at great price. AIFLD had active programs in those countries during the most difficult and dangerous days, including a land-reform program in El Salvador where, in 1981, two brave and dedicated AIFLD employees were assassinated by right-wing death squads.

During the bleakest moments of the Perez Jimenez government in Venezuela, it was the American labor movement that extended solidarity to the Venezuelan trade union federation, CTV, which was under assault. Resources were sent, leaders were given refuge, and international pressure was marshalled. Today, a strengthened CTV cooperates with the AFL-CIO in its efforts to support the democratic labor movements of Haiti, Nicaragua and Cuba. Hopefully, the growing democratic labor movements throughout the region will continue to work together to help extend the sphere where workers can live with human rights, human dignity and the rule of law.

STATEMENT OF KENNETH FARRELL, VICE PRESIDENT, UNIVERSITY OF CALIFORNIA

Senator LEAHY. Mr. Farrell.

Mr. FARRELL. Thank you, Mr. Chairman.

I am Kenneth R. Farrell. I am vice president for Agriculture and Natural Resources at the University of California. I am pleased to have this opportunity to very briefly speak with you today on behalf of the United States-Russian Science Education and Economic Development Consortium, an affiliation of nearly 20 public-private institutions, including Washington State University, the University of California and the Biological Research Center, and the Pushchino State University in Pushchino, Russia.

President Samuel Smith of Washington State University, who had planned to be here today, was unable to join me. But he is represented by Ms. Beverly Lingel, who is an assistant to the president.

Mr. Chairman, we have filed with your subcommittee a detailed statement of our proposal, which we ask you to consider. And I would ask, sir, that that statement be included, with your permission, in the hearing record.

Senator LEAHY. Without objection.

Mr. FARRELL. Appended to that statement is a very recent letter to you, Mr. Chairman, on which we were copied, from Prof. V.P. Shorin, Chair of the Committee of Science and Education of the Supreme Soviet of Russia, in support of the proposal we are submitting to you.

I will merely highlight the proposal and some of the consortium's recent tangible and exciting results in direct support, we believe, of the Clinton-Yeltsin summit agreement.

In collaboration with and with the active support and involvement of our Russian partners, we have developed a comprehensive framework and have begun to implement a multidisciplinary, multi-institutional, broad-based strategy for economic development in the South Central European region of Russia. This strategy is based upon proven economic development principles and experiences, which we are adapting to the unique circumstances of Russia.

The proposal is premised upon a market-driven economic development system, the privatization of economic activity related to agriculture and natural resources, and the development and democratization of Russian institutions, including those related to science and education.

The consortium's approach is, I believe, innovative and unique. And it is patterned after the land grant university model of this country, but adapted to the particular and special needs of Russia. It also attempts to involve a very large pool of scientific talent at the Pushchino Biological Research Center, other research institutes in that region and the newly founded Pushchino State University.

The approach that we are taking, however, is not simply to promote research and education related to agriculture and natural resources. Rather, it is designed to assist the Russians in converting their very substantial scientific capabilities to practical, problem-solving technology and information for the purpose of economic development in that particular region.

To do so will require the development of new institutions for technology transfer—we call it extension in this country—and extension of information to private owners, assistance to develop markets and market institutions, and the design of curricula to train managers of the future. We have already begun to implement these strategies on a modest scale as our limited resources permit.

Russian educators are visiting the United States to observe curricula and institutional arrangements to develop the Pushchino State University in the mode of a land grant university. Washington and California scientists have visited Pushchino to identify research needs and opportunities in fields of agriculture, natural resources, the environment, and management. Our extension personnel will assist the Russians this summer to begin the design of a technology transfer system, and to assist them in the development of improved marketing and information systems.

Private sectors firms from both the States of Washington and California are already working with the Russian organizations and researchers to build marketing facilities, infrastructure and improved marketing methods for food and agricultural commodities.

In all of this, we have enjoyed an excellent working relationship and an extensive cooperation with our Russian counterparts, ranging from the Commonwealth of Science and Education, the Russian Ministry of Agriculture, the municipal and regional governments of the Pushchino region, and with emerging Russian private sector firms.

Our modest involvement is leveraging quite large financial and institutional resources in Russia. The investment we are requesting this subcommittee to make will leverage much larger resources. The limited effort to date has merely scratched the surface of op-

portunities as we see it. We believe our approach is sustainable and can be replicated across Russia.

PREPARED STATEMENT

Mr. Chairman, our original request to appear before you indicated that in the fiscal year 1993 appropriation bill this subcommittee directed USAID to support our proposal. To date, resources have not been made available. We are requesting \$2.2 million in support of our proposal in fiscal year 1994, to be followed by a similar level of support in each of the next 4 years.

I thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF KENNETH FARRELL

Uniting Science, Education and the Private Sector for Economic Development of the South-Central European Region of Russia

INTRODUCTION

Mr. Chairman and members of the subcommittee, I am Kenneth Farrell of the University of California. This is Dr. James Henson of Washington State University. President Samuel H. Smith of Washington State University is unable to be here today due to unexpected circumstances requiring him to be in the State of Washington.

You are aware of the dramatic and needed changes now underway in Russia. We're here to share with you tangible and exciting results, accomplishments our institutions and consortium are achieving, in direct support of the Clinton - Yeltsin Summit agreement.

The programs in place and proposed are unique, effective, and are of benefit to both Russia and the US. They contribute to sustainable, broadly-based economic growth and development. Already we are making progress toward desired objectives. We seek your support to further this effort.

Dr. Henson and I represent a consortium of U.S. and Russian public and private sector organizations, universities and private-sector firms which have united to form the Russian-U.S. Educational, Technical and Economic Development Consortium.

In collaboration with our Russian partners, we have conceptualized, and begun to implement, a multi-disciplinary broad-based strategy for economic development in the South-Central European Region of Russia.

This strategy supports market driven economic development, privatization, and democratization. It leverages Russian, U.S. and third country resources. It is sustainable. It provides significant benefits to both the U.S. and Russia; and is based upon proven economic development principles and experiences adapted to the Russian circumstances.

The Consortium's approach is innovative and unique, patterned after the U.S. land-grant university model, appropriately adapted to Russia. It can be replicated across Russia and the Newly Independent States (NIS). It builds upon the existing strengths of Russia, its people and institutions, while addressing and responding to the significant problems and opportunities that have and are continuing to occur as a result of the ending of the Cold War.

Mr. Chairman, our original request to appear before this subcommittee indicated that in the fiscal year 1993 appropriations bill, the subcommittee directed the U.S. Agency for International Development to support our program. To date, resources have not been made available. We are requesting \$2.2 million in federal support for our program in fiscal 1994 to be followed by a similar amount for the next four years. In this presentation we provide additional details about this request.

CHALLENGES AND OPPORTUNITIES

The achievement of long-lasting social and political stability in Russia and its participation in the community of nations will be determined by multiple factors. These factors will be dominated by economics as the nations of the world enter a new era of peaceful economic-based competition.

The collapse of the previous centrally planned economy and political system, along with the uncertainties associated with these changes; lack of a history and experience in democratic principles, processes and institutions; and lack of policies, understandings and experience necessary for private enterprise and a market economy are factors contributing to a chaotic situation.

The current situation is having a detrimental effect on many individuals and institutions whose capabilities are needed and must be utilized to contribute to Russian progress and stability and to meet the needs of Russian society.

Decreasing budgets, rising inflation and related factors are causing the Russian technical, human and institutional resource base to rapidly erode. This is occurring at a time when these resources are needed to support economic growth and development and political and social stability.

The present situation also offers opportunities for rapid progress. Russia has significant natural and human resources, and institutions which if effectively organized, managed and utilized, offer great potential for the future and provide a foundation for this progress. Russia needs institutions and policies that will support those principles upon which democracy and market economy is dependent. Success, in our view, will depend upon the establishment and/or strengthening and in some cases reorientation of public sector institutions and organizations related to science and education in partnership with the private sector, each carrying out well integrated and coordinated programs and activities focusing on economic development. Capabilities for privatization, business development, and the multiple interrelated requirements for a successful market economy are necessary.

STRATEGY AND APPROACH

The University of California and Washington State University propose to build upon existing Russian strengths and capabilities to achieve economic growth and development of the South-Central European Region of Russia. Activities of the Consortium will re-orient these capabilities to more explicitly serve society and economic development and to establish collaborative programs with US partners and others to access and utilize information and technology and establish sustainable, mutually beneficial and economically profitable relationships. Our approach is based upon our institutions experiences in Russia and incorporates lessons learned from extensive and successful economic development in other countries.

Our strategy is patterned after the U.S. land-grant university model of public and private sector partnerships that has been so successful in the U.S.

Our approach is new for Russia and offers great potential. It is based upon the generation, transfer, and application of information and technology by the Biological Research Center at Pushchino; education, with a focus on preparing individuals to function in a market economy by Pushchino State University; business development through training and collaboration with U.S. private sector firms and universities; and the transfer and commercialization of technology by a private sector/economic development component to support privatization, agriculture, business and a market economy.

Our strategy has number of strengths which have contributed to the progress to date. These are:

- It is a Russian program; one committed to democratic and economic change in support of Russian society;
- A unique strategy uniting public and private sector interest and capabilities has been jointly developed, is being implemented and progress has been achieved;
- The strategy and its implementation have significant Russian support and commitment with internal Russian resources being provide by;
 - The Committee of Science and Education of the Supreme Soviet of Russia (letter attached);
 - The Biological Research Center;
 - Pushchino State University;
 - The Committee on Higher Education of Russia;
 - The Ministry of Science and Education of Russia;
 - The Ministry of Agriculture of Russia;
 - The Committee of Chernoble of Russia;
 - The Municipal Government of Pushchino;
 - The Municipal and Regional Government and Veronezh;
 - The Moscow Regional Government; and
 - Ecobios - a Russian private section firm;
- Effective collaboration between U.S. and Russian public and private sectors organizations in a consortium arrangement has been established, has been ongoing for almost two years; relationships are excellent;
- The strategy and approach builds upon Russian strengths and utilizes relevant U.S. capabilities in a collaborative manner emphasizing mutual benefits;
- Utilizes the breadth of economic and social development experiences and expertise gained from 30 years of similar activities in other countries addressing similar problems and opportunities by the U.S. partners;

- Provides a mechanism for U.S. universities and private sector organizations to participate and to assist, and in the process to strengthen their own programs and activities;
- Provides a model that can be replicated elsewhere.

RUSSIAN-U.S. EDUCATIONAL, TECHNICAL AND ECONOMIC DEVELOPMENT CONSORTIUM

To implement our program, we are able to mobilize and utilize significant Russian and U.S. capabilities, experiences and expertise. The Biological Research Center(BRC), Pushchino, Russia, widely recognized for its basic biological research, now incorporates applied research and technology transfer in an array of disciplines and subject matter areas to support economic development. This includes biotechnology, environmental science, natural resources, agriculture, biological sciences, molecular and cellular biology, plant sciences and others.

The Pushchino State University (PSU), Pushchino Russia, capitalizes on the research and technical capabilities of the BRC, together they have established collaborative educational programs with universities in the U.S. and Russia. PSU is a new type of educational institution for Russia which focuses on the application of knowledge to solve problems in support of economic and social development.

A private sector/economic development component has been established which builds upon those two institutions using the U.S. agricultural extension model, broadened to include agriculture, biotechnology, environment and natural resources, business development, commercialization of technology, technology transfer, and business training and development.

The Russian-U.S. Educational, Technical and Economic Development Consortium provides the foundation for our activities, and provides mechanisms for coordination and integration of diverse and relevant expertise and capabilities.

The Consortium members include the BRC and its eight institutes; PSU, Pushchino, Russia; Washington State University, Pullman, Washington; The Division of Agriculture and Natural Resources, University of California (Berkeley, Davis and Riverside Campuses); the Municipal Government of Pushchino; the Moscow Regional Government; the Ministry of Agriculture; the Committee of Chernobyl; the Ministry of Science; the committee on Higher Education; the Voronezh Municipal government, Eco-bios (a Russian private sector firm); and Tri-Valley Growers and Western-Ag. Resources (private sector firms). In addition, a number of other U.S. companies, especially in agriculture and agribusiness, serve as affiliate members in the consortium. All are very committed to this program.

BENEFITS AND IMPACTS

The benefits and impacts are in direct support of current U.S. policies relating to Russia. These are:

- The evolving Russian private sector and market economy will be support and enhanced;
- Russian institutions and capabilities necessary to support privatization, a market economy and democratization will be strengthened;
- The U.S. and the participating private and public institutions and firms will benefit through increasing opportunities, economic ventures and enhanced relevance of educational and research curricula and programs;
- Significant technical, educational and other capabilities of the Biological Research Center and Pushchino State University to provide technology, training, business and other support services will be sustained, strengthened and implemented;
- Economic benefits will accrue to the U.S. through the above indicated processes, as well as from the declining requirements for strategic and military investments;
- Russian and U.S. collaboration based on a well-designed strategy and implementation plan will mobilize, coordinate and utilize diverse capabilities in support of shared objectives;
- U.S. and private sector Russian firms will access opportunities and be provided support for business ventures and activities: and

- An integrated research, education and public/private/economic development capability will serve as a regional and national resource in Russia. It can provide a model, patterned after the land grant university and its successes, for area replication in Russia and the NIS.

SUMMARY

We have established and are implementing a collaborative program for mutual benefits based upon a focused strategy and implementation plan. We are not seeking to begin to carry out these activities - they are on-going and are successful, funded by a modest amount of internal and private funds. However, in order for them to reach their potential, additional resources are required.

The rationale for your incorporation of our collaborative program in the budget language last year is even more relevant today than at that time. Our continued progress and the continued evolution of our program and commitment of Russian institutions and organizations is the basis for our request for \$2.2 million dollars in FY 94. The time for action is now, the window of opportunity is fleeting. We, with your support, are ready to increase our contributions.

Thank you for your pending support.

APPENDIX

LETTER FROM PROF. V.P. SHORIN, CHAIR, COMMITTEE OF SCIENCE AND EDUCATION, SUPREME SOVIET OF RUSSIA

Senator P. Leahy, Chair
Foreign Appropriations Subcommittee
U. S. Senate
Washington, DC U. S. A.

Dear Senator Leahy:


I send you and your colleagues greetings from the Committee of Science and Education of the Supreme Soviet of Russia. Session of our committee took place in Pushchino with representatives of the Biological Research Center and Pushchino State University, Pushchino, Russia, on 1 June, 1993. My committee examined programs of development of this the biggest center of biological sciences in Russia including programs of research, education, economic development, and privatization being planned and implemented by the Pushchino Center in collaboration with U.S. partners.

As chairman of the Committee on Science and Education of the Supreme Soviet, I wish to inform you that we support the programs of the Biological Research Center and Pushchino State University with Washington State University and the Division of Agriculture and Natural Resources of the University of California. All are members of the Russian-U.S. Educational, Technical and Economic Development Consortium. This committee is very supportive of these activities and wishes to indicate this support to you and your committee. We believe that collaborative activities like these can benefit both of our countries greatly and establish relationships and programs that can go on for a long time.

I hope that your committee representing the Senate of the U.S. government, like our from the Supreme Soviet, will recognize the benefits from these collaboration and support it.

Sincerely,

Professor V.P. Shorin, Chair
Committee of Science and Education
Supreme Soviet of Russia


8.06.93

ВЕРХОВНЫЙ СОВЕТ РОССИЙСКОЙ ФЕДЕРАЦИИ

КОМИТЕТ ПО НАУКЕ И НАРОДНОМУ ОБРАЗОВАНИЮ

Москва, Дом Советов России, Краснопресненская наб., д. 2

08.06.93 № 7.10-17/110

Сенатору П.Лихе

Председателю подкомитета
по финансированию международных программ
Сенат США

Вашингтон, округ Колумбия, США

Глубокоуважаемый сенатор Лихе,

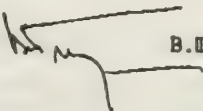
Я и мои коллеги приветствуем Вас от лица Комитета Верховного Совета России по науке и народному образованию. 1 июня 1993 года мы провели сессию нашего Комитета в Пущино совместно с представителями Пущинского научного центра биологических исследований и Пущинского государственного университета, Пущино, Россия. Мой Комитет рассмотрел программы развития этого самого крупного центра биологической науки, в том числе по развитию науки, образования и экономики, а также о приватизации, планируемые и выполняемые Пущинским центром в сотрудничестве с партнерами США.

Как председатель Комитета Верховного Совета России по науке и народному образованию, я хочу сообщить Вам, что мы поддерживаем программы Пущинского научного центра биологических исследований и Пущинского государственного университета с университетом штата Вашингтон и отделением сельского хозяйства и природных ресурсов при Калифорнийском университете. Все выше перечисленные являются членами российско-американского консорциума по развитию образования, техники и экономики. Мой Комитет поддерживает такую деятельность и желает засвидетельствовать Вам и Вашему Комитету эту поддержку. Мы верим, что эта совместная деятельность может принести большую пользу обеим странам и создать взаимоотношения и программы, которые могут осуществляться на протяжении длительного времени.

Я надеюсь, что Ваш Комитет, представляющий сенат правительства США, как и наш Комитет Верховного Совета России, оценит несомненную пользу этого сотрудничества и поддержит его.

Искренне,

профессор, председатель
Комитета Верховного Совета России
по науке и народному образованию



В.Шорин

**Memorandum of Understanding
Between
The Biological Research Center, Pushchino, Russia
Washington State University, Pullman, Washington
and
The Division of Agriculture and Natural Resources
of the University of California System, Oakland, California**

Whereas the Biological Research Center, Pushchino, Russia, and its associated institutes (BRC), Washington State University (WSU), and the Division of Agriculture and Natural Resources of the University of California System (DANR) conduct programs and activities of basic and applied research, training, technology and information transfer, and development; and whereas BRC, WSU, and DANR have capabilities and expertise, and conduct programs and activities of interest and potential benefit to the other; BRC, WSU, and DANR agree to establish and conduct mutually agreed-upon cooperative and collaborative projects, programs, and activities which will enhance the programs of each.

A. Areas of Cooperation and Collaboration

BRC, WSU, and DANR agree to establish and conduct projects, programs, and activities in one or more of the following general areas. Specific details of each of the cooperative/collaborative projects, programs, and/or activities will be defined by mutual agreement in writing. Potential areas of cooperation/collaboration include:

1. Education, research, and extension/technology transfer--institutional, program and project planning and development;
2. Research and other scholarly activities in agriculture, business, natural resources, ecology, science, and others as may be agreed upon in disciplines and on subjects of mutual interest and benefit;
3. Training;
4. Faculty, staff, and student exchanges and development;
5. Extension, technology transfer, and commercialization;
6. Economic development; and
7. Other activities as may be mutually agreed upon.

B. Implementation of Collaborative/Cooperative Projects, Programs, and Activities

Specific details of any cooperative/collaborative activities to be conducted will be described and agreed upon in writing as amendments to this agreement. Such amendments will include the specific activities to be conducted, responsibilities of cooperating parties, personnel who will participate, allocation and amount of resources, timeframes, and other details.

C. Cooperation with Third Parties

Since other universities, institutes, centers, and organizations in the U.S., in Russia, and in third countries may have capabilities and conduct activities which will benefit and support the collaboration between BRC, WSU, and DANR, BRC, WSU, and DANR may identify other cooperators for joint participation with BRC, WSU, and DANR in mutually agreed-upon projects and activities. The activities, responsibilities, and other details of the participation of such cooperators will be defined and agreed upon in writing by BRC, WSU, DANR, and the cooperating institution in an amendment to this agreement.

D. Administration and Management of the Agreement and the Associated Activities

An Implementation Committee (IC) composed of representatives of the BRC, WSU, and DANR will be established to make day-to-day operational decisions, to implement the agreement, and to plan and conduct collaborative programs and activities between the BRC, WSU, DANR, and other parties. One member of the IC will be designated by the President, WSU, one by the Vice President, DANR, and one by the Chairman, Presidium, Scientific Council, BRC. Annual work plans and reports of progress will be made by the IC to the indicated institutional administrative officers.

WSU, BRC, and DANR may establish advisory groups at their own institutions to provide information and allow for a broader spectrum of faculty/scientist participation in the collaborative activities. Such groups may provide valuable input into the activities through the IC representatives.

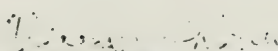
E. Support and Resources

Resources and other requirements for implementing the collaborative programs and activities are necessary. DANR, BRC, and WSU will not have the necessary resources to support all these activities from their own budgets. Therefore, they will jointly and individually seek funding and other support from other sources.

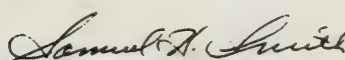
F. Duration of Agreement

This agreement will remain in effect for an initial period of five (5) years and may be extended by mutual agreement in writing for additional five (5) year periods. This agreement may be terminated by any party by six (6) months' written notice of intent to terminate. In the event of termination, each party will assume financial and other responsibilities for the completion of required and agreed-upon activities or as such responsibilities may be modified by mutual written agreement.

G. Signatures



 Professor A. Spirin
 Chairman, Presidium, Scientific Council
 Biological Research Centre
 Pushchino, Russia

 Date


 Samuel H. Smith, President
 Washington State University
 Pullman, Washington, U.S.A.

 Date

11/25/92


 Kenneth H. Farrell, Vice President
 Division of Agriculture and
 Natural Resources
 University of California
 Oakland, California, U.S.A.

 Date

11/18/92

Protocol of Intentions

Moscow

13 February, 1992

On 10 February, 1992, representatives of the Ministry of Agriculture, Russian Federation; Moscow Region Administration; Pushchino Biological Research Center, Russian Academy of Sciences; Pushchino Town Council of People's Deputies; University of California, Washington State University, and private US companies, having discussed a broad range of problems associated with the science-and-technology and economic development of the Russia innovation biotechnological Center 'Pushchino' (RIBC), concluded that the development of RIBC as an area of development and extension of new technologies shall be of significant importance for the development of the entire Central Region of Russia, especially as regards the basic research as applied to the solution of practical problems of agriculture, medicine, protection of the environment.

The parties decided to combine efforts in the development of RIBC including the establishing of Russian University, of a science park, of the infrastructure for the support of enterprise in high technologies, development of agrobusiness, organizing and financing of joint research projects using various forms of joint activities, including funds, joint-stock companies, joint ventures.

For this purpose:

1. Ministry of Agriculture of the Russian Federation
 - will take part in the financial and legislative support of the programs for the development of RIBC in education and applied research in agrobiology and sustainable agriculture, support and development of agrobusiness;
 - will promote the allocation of land required for research, development of RIBC and creation of a RIBC farmer's belt.

2. Administration of the Moscow Region:

- will take part in financial and legislative support of the programs for the development of RIBC including the organization of the Russian University and a science park, the program of the development of enterprise in the field of high technologies;

- will promote the allocation of land required for research, further development of RIBC and creation of RIBC farmer's belt.

3. Pushchino Research Center in the person of its administration and institutes undertakes:

- unite the efforts on the development and realization of - research programs in agrobiological, biomedicine and protection of the environment; in the establishing of a science park; in the development of educational programs; establishing of Russian University.

4. Pushchino Town Council of People's Deputies undertakes:

- to promote the introduction of new forms of enterprise in the fields of high technologies and agrobusiness; take part in the development and financing of educational and science-and-technology commercial programs; using the territories, materials and work resources available, take part in the projects to establish funds, joint-stock companies, joint ventures.

5. The US participants will take part in the planning and development of RIBC and its programs, in the search for funding for research and commercial projects, the conduct of collaborative research and training.

A.S. Kopylov, Deputy Minister,
Ministry of Agriculture,
Russia

V.V. Dolgolaptev, First Deputy Head,
Moscow Region Administration

V.V. Dynnik, Chairman,
Pushchino Town Council,
Pushchino, Moscow Region

E.L. Golovlev,
Executive Director,
Pushchino Biological Research Center,
Russian Academy of Sciences

A.M. Boronin, Director,
Institute of Biochemistry &
Physiology of Microorganisms
Russian Academy of Sciences

S.D. Van Gundy, Dean,
College of Natural &
Agricultural Sciences,
University of California

J.B. Henson, Director,
International Program
Development, Washington
State University

ПРОТОКОЛ О НАМЕРЕНИЯХ

Москва

10.02.92 г.

10.02.92 представители Министерства сельского хозяйства РФ, Администрации Московской области, Пушкинского Научного Центра РАН, Пушкинского городского Совета народных депутатов, Калифорнийского, Вашингтонского Университетов и частных фирм США обсудив широкий круг вопросов, связанных с научно-техническим и экономическим развитием Республиканского инновационного биотехнологического Центра "Пушино" (РИБЦ) пришли к заключению, что развитие РИБЦ, как зоны опережающего развития и тиражирования новых технологий будет иметь важное значение для развития всего Центрального Региона к югу от Москвы, особенно в приложения базовых исследований к решению практических задач сельского хозяйства и медицины.

Стороны решили объединить усилия по развитию РИБЦ, включая создание Российского Университета, Биотехнопарка, инфраструктуры развития предпринимательства в областях высоких технологий и агробизнеса, развития и финансирования научно-технических проектов в форме различных фондов, акционерных обществ, совместных предприятий.

С этой целью:

1. Министерство сельского хозяйства РФ:

- примет участие в финансовой и правовой поддержке программ развития РИБЦ в сфере образования и проведения прикладных исследований в области агробиологии и устойчивого земледелия, поддержки и развития агробизнеса;
- будет способствовать выделению земельного фонда, необходимого для проведения научных исследований, развития РИБЦ и создания фермерского пояса РИБЦ.

2. Администрация Московской области:

- примет участие в финансовой и правовой поддержке программ развития РИБЦ, включая: организацию Российского университета и Биотехнопарка, программы развития предпринимательства в области высоких технологий;
- будет способствовать выделению земельного фонда необходимого для: проведения научных исследований, дальнейшего развития РИБЦ и создания фермерского пояса РИБЦ.

3. Пушкинский Научный Центр РАН в лице его администрации и институтов обязуется: объединить усилия по разработке целевых научно-технических программ в областях агробиологии и биомедицины, в создании Биотехнопарка, в разработке программ образования и создания Российского Университета.

4. Пушкинский городской Совет народных депутатов обязуется:

- способствовать внедрению новых форм предпринимательства в областях высоких технологий и агробизнеса, принимать участие в разработке и финансировании образовательных и научно-технических коммерческих программ; используя имеющуюся территорию, материальные и трудовые ресурсы принимать участие в осуществлении проектов по созданию фондов, акционерных обществ, совместных предприятий.

5. Американская сторона примет участие в планировании и разработке развития РИБЦ и его программ, в поиске источников финансирования научно-технических и коммерческих проектов и проведении совместных исследований и обучения.

Зам.министра сельского
хозяйства России

А.С.Копылов

Первый зам.главы администрации
Московской области

А.В.Долголатев

Председатель Пушкинского
городского Совета

В.В.Дынный

Исполнительный директор
Пушкинского Научного Центра

Е.Л.Головлев

Директор Института биохимии
и физиологии микроорганизмов РАН

А.М.Боронин

С.Д.Ван Ганди, декан
Колледж естественных и с/х наук
Калифорнийский университет

Дж.Б.Хенсон, директор,
Управление международных
программ, Университет штата
Вашингтон

Senator LEAHY. Thank you.

As you know, I am very concerned about the whole area of what we do with Russia and the other republics of the former Soviet Union. I have told President Clinton that I did not intend to even move a foreign aid bill until we address as adequately as we can that whole issue. I think it is the most important part of the foreign aid bill, outside of the humanitarian aspects of it.

Certainly, it reflects our national security interests the most. I find this an area that I have the most concern in.

I have always considered one of the greatest advantages, without sounding parochial, of this job is that I stay right at home in Vermont for the Fourth of July week. I sit in my home and look out over the fields and the woods and the mountains and the valleys, knowing what a lovely spot it is. That sort of keeps me going the rest of the year. I am going to spend this Fourth of July week in Russia, because I consider it that important a place to be.

The points you have made are so important. You know, how do we do it? How do we get them to work? None of us thinks that simply sending over carloads of money is going to do it, or simply sending over agricultural commodities, other than on an emergency basis, is going to do it. I was struck by the fact that I was talking with a wheat farmer in the Midwest who has a good operation—actually, most wheat farmers, if they do not, they are not going to be in business—and was talking about the amount that you lose from harvest to the consumer—probably 3 percent, 2 percent, whatever—you would be more familiar with that number than I.

But when you look at some of these similar operations in Russia, it is 40 percent.

Mr. FARRELL. That is right.

Senator LEAHY. You do not have to plant one more seed or till one more hectare to get a lot more product, but you have got to have a better way of doing it. So we have got to teach them everything from distribution to marketing.

Mr. FARRELL. I appreciate your support, Mr. Chairman.

Senator LEAHY. Yes; and it is going to be there. We have got to figure out how to do it. And it has got to be done not just by the United States, but we have got to join a lot of other countries do it.

STATEMENT OF MARK ELLIS, AMERICAN BAR ASSOCIATION

Senator LEAHY. Mr. Ellis, one thing I might say in this area. One complaint I hear from people from Vermont and everywhere else who do business in Russia is that they do not have anything like a uniform commercial code or have any kind of a commercial code. Somebody told me he could make one contract on one side of Moscow and it might not be enforced elsewhere. It is not a question of getting it enforced in St. Petersburg, he just wants to get it enforced on the other side of Moscow. But that is probably not what you are here to talk about.

Mr. ELLIS. I am here as the executive director of the Central and East European Law Initiative, CEELI, a project of the American Bar Association on behalf of Homer Moyer, who, unfortunately, had to catch a plane out of town this evening.

Mr. ELLIS. This project was developed by Sandy D'Alemberte, who I think you know.

Senator LEAHY. I do, indeed.

Mr. ELLIS. And Homer Moyer back in 1989, as a way to respond to these requests for technical assistance in the legal field that was occurring in Central and Eastern Europe at that time, and now in the former Soviet Union.

Right now, under the leadership of Max Kampelman and Ab Mikva and Matthew McHugh and Sandra Day O'Connor, we have been structuring a very dynamic project over the last couple of years. It is premised, really, on three fundamental elements:

One, that we want to be responsive to the needs, recognizing that these issues are of primary importance for this type of issue, such as investment by the United States.

Second, that we take into consideration the West European experience, and, therefore, collaborate closely with our West European colleagues in providing this type of assistance.

And, third, it is a pro bono. This is a project that has involved hundreds of attorneys and judges and law professors that are doing this in a pro bono. It is not a method for developing business.

Over the last 2½ years, the enormous energy of the U.S. legal community has really shown that we are capable of initiating, in the United States, a very cost-effective way of providing this type of assistance in the region. And hundreds of these lawyers and judges have volunteered their time through various types of projects, helping, so far, in assisting 15 countries in the drafting of their constitutions, providing assistance in assessing draft laws—now over 160. We have had close to 1,000 attorneys involved with simply providing comments and assessments on these draft laws before they are adopted by these parliaments.

And over the last 1½ years, we have expanded the long-term specialists role. We have up to 100 legal specialists who are now living overseas, pro bono. They are not paid for their services, but they are yet there providing the needed assistance to parliamentary committees, to ministries of justice, to nongovernment organizations, in an array of legal areas requested by these countries in the former Soviet Union and Central and Eastern Europe.

Included in this program has been one of the most exciting programs, bringing in over 126 U.S. law schools that have hosted, to date, 41 schools in Central and Eastern Europe. They have done so primarily on their own account. We were there to help to be the catalyst and leverage the small amount of money that we had. But these law schools have brought over these deans and are now structuring a dynamic project of providing long-term assistance to these law schools. And we are now about to expand that program into the former Soviet Union.

On the former Soviet Union, that is the area that has been given much attention here. Our program has been in effect close to 1 year now, structuring programs on constitutional reform, judicial restructuring, criminal law reform, and commercial legislation.

To date, we have provided extensive programs throughout the region on the constitutional drafting process, which is still taking place, and on the judicial restructuring, under the Vancouver Summit, the addition of Russian jury trial experiment that is taking

place—and CEELI is going to be taking a major role in that experiment starting this summer—so we are excited about that.

The whole issue of commercial law reform is one that continues to play a major role in the types of requests that we are getting. And we are now initiating major projects along the lines of using these legal specialists, who are there for extended periods of time.

PREPARED STATEMENT

I think the fact that, over the last 2½ years, we have shown that a small amount of money can go a very long way, and we expect that to continue to move forward as the demands are increased and as the U.S. legal community steps up and provides this type of assistance.

So we thank you.

[The statement follows:]

STATEMENT OF HOMER E. MOYER, JR., CHAIRMAN, CENTRAL AND
EAST EUROPEAN LAW INITIATIVE [CEELI]

I. INTRODUCTION

Mr. Chairman and Members of the Committee:

My name is Homer E. Moyer, Jr. I am the Co-Founder and current Chairman of the American Bar Association's Central and East European Law Initiative (commonly known by its acronym "CEELI"). I am testifying today on behalf of the American Bar Association at the request of J. Michael McWilliams, President of the Association.

It is an honor to appear before the Subcommittee and to be given an opportunity to describe to you the efforts of the ABA, through CEELI, to promote the rule of law in Central and Eastern Europe and the former Soviet Union.

As the Berlin Wall crumbled in 1989, Talbot "Sandy" D'Alemberte solicited my input in creating a pro bono legal assistance project that would respond to the inevitable request for assistance in the legal transformation in Eastern Europe and the former Soviet Union. Under the leadership of a five member Executive Board that currently includes Max M. Kampelman, Matthew F. McHugh, Abner J. Mikva, Sandra Day O'Connor and myself, we designed the various programs and components that comprise CEELI. With financial support from NED, USAID and USIA, we were able to launch CEELI in the Fall of 1990.

II. CEELI

CEELI was developed under the guidance of three fundamental principles.

First, CEELI is designed to be responsive to the needs and priorities of the countries of Central and Eastern Europe and the former Soviet Union, not those of the U.S. participants or sponsors.

Second, CEELI recognizes that U.S. legal experience and traditions offer only one approach that participating countries may wish to consider. As a result, CEELI cooperates with West European representatives in implementing technical assistance projects.

Finally, CEELI is a public service project, not a device for developing business opportunities. Lawyers, judges, academicians and other participants in CEELI are required to comply with strict conflict of interest guidelines to preserve its goal of offering neutral advice.

The enormous success of CEELI's first two and one-half years has demonstrated that, when asked, the U.S. legal community will eagerly respond to the challenge of assisting these emerging democracies. When properly channeled, this type of program is capable of initiating and executing a comprehensive, cost-effective project the size and scope necessary to significantly assist the economic and legal reform process now occurring in Central and Eastern Europe and the former Soviet Union.

Hundreds of U.S. lawyers, judges, law professors, and government officials have, through CEELI, responded to assisting in the most historic transformation of our generation. They have done so selflessly, often under difficult and trying circumstances, and without receiving one dollar for the services, other than the support for travel and living (see Appendix A).

With the help of these volunteers we have developed four major assistance programs: The first is a Rule of Law Program for 13 countries in Central and Eastern Europe. The program focuses on constitutional reform, judicial restructuring, criminal law revision, local government reorganization, and human rights. The second is a Rule of Law Program for 9 of the countries of the former Soviet Union; it has a similar focus as with our Central and East European project. The third program is directed at Commercial Law Reform in 8 countries in Central and Eastern Europe; it focuses on the following legal areas: privatization, foreign investment, dispute resolution, intellectual property and government procurement. The fourth CEELI program is the Sister Law School Program which, to date, has assisted 41 law schools in Central and Eastern Europe. Each of these four programs incorporates standard methods of assistance, including technical legal assistance workshops, draft law assessments, long-term liaisons and specialists, and legal training (see Appendix B).

A. Technical Legal Assistance Workshops

To date, CEELI has conducted 34 technical legal assistance workshops involving over 225 U.S. lawyers, judges and law professors. Workshops provide targeted assistance in drafting laws and constitutions through on-the-spot analysis of critical nuances in the proposed draft legislation. For instance, CEELI delegations have assisted in reviewing and commenting on the draft constitutions of Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Ukraine and Uzbekistan. These workshops have involved some of the best legal minds in the United States, including, to name just a few:

ARIZONA: Paul Bender, Professor of Law, Arizona State University; Frank X. Gordon, former Chief Justice, Arizona Supreme Court; Ruth V. McGregor, Judge, Arizona Court of Appeals; **CALIFORNIA:** Erwin Chemerinsky, Professor of Law, University of Southern California; James Ching, Supervising Deputy Attorney General, California Department of Justice; Dan Curtin, Esquire, Walnut Creek; Michael Glennon, Professor of Law, University of California at Davis; Richard Huffman, Associate Justice of the California Court of Appeals, San Diego; Harry Low, Former Justice of the Court of Appeals for the State of California; Marshall Morgan, Esquire, Los Angeles; Stanley Mosk, Justice, California Supreme Court; M. David Sterling, Chief Deputy Attorney General, State of California; J. Bennett Turner, III, Esquire, San Francisco; John Witt, City Attorney, San Diego; **FLORIDA:** James Alfini, former Professor of Law, Florida State University; Talbot "Sandy" D'Alemberte, Immediate Past-President, ABA; Joseph Hatchett, Circuit Judge, U.S. Court of Appeals for the Eleventh Circuit; James Nicholas, Professor of Law, University of Florida; Ben Overton, Justice of the Supreme Court of Florida; Ken Vinson, Professor of Law, Florida State University; **IOWA:** Peter M. Shane, Professor of Law, University of Iowa; **KENTUCKY:** Sarah Welling, Professor of Law, University of Kentucky; **MARYLAND:** John M. Glynn, People's Counsel, State of Maryland; J. Michael McWilliams, Esquire, Baltimore; **NEW JERSEY:** Earl Maltz, Professor of Law, Rutgers University; **NEW YORK:** Gabriela Cacuci, Esquire, New York City; Wilfred Feinberg, Retired Chief Judge of the U.S. Second Circuit; Chuck Labela, Office of the U.S. Attorney, Southern District of New York; Leonard D. Wexler, Federal District Judge for the Eastern District; **PENNSYLVANIA:** Daniel Elazar, Professor of Law, Temple University; Steven P. Frankino, Dean, Villanova University School of Law; Richard Nygaard, Judge, U.S. Court of Appeals for the Third Circuit; **TEXAS:** James DeAtley, Assistant U.S. Attorney; Jack Hightower, Justice, Supreme Court of Texas; Neil E. Nichols, General Counsel, Texas Youth Commission.

B. Draft Law Assessments

When the urgency for assistance precludes planning full workshops, CEELI offers immediate assistance by circulating draft legislation for comment. To date, CEELI has called upon hundreds of U.S. legal experts to assess over 160 draft laws ranging from Bulgaria's Draft Antitrust Law to Albania's Law on Trade Unions.

C. Long-term Liaisons and Legal Specialists

In response to requests for access to resources on a long-term basis, CEELI has supplied U.S. legal experts for extended visits. These CEELI representatives are not compensated for their work; they are only allocated sufficient funds to cover room and board. These U.S. lawyers, judges and academicians act out of a commitment to assist these fledgling democracies. CEELI has so far sent 36 liaisons and 54 legal specialists to the participating countries who stay from two months to one year to provide on-ground technical legal assistance. These participants include:

ARIZONA: Taras Naum, Assistant City Prosecutor, Phoenix; CALIFORNIA: James Ching, Supervising Deputy Attorney General, California Department of Justice; Karen Connolly, Esquire, Los Angeles; Antonia Dolar, Esquire, Oakland; David Gustafson, Deputy Attorney General, California Department of Justice; Karen Kramer, Law Clerk for Judge Thelton Henderson, U.S. District Court, Northern District of California; Greg Lusitana, Esquire, Los Angeles; Greg Surman, Esquire, Los Angeles; John Whelan, Professor, University of California/Davis; Karen Widess, Esquire, Los Angeles; FLORIDA: Fletcher Baldwin, Professor of Law, University of Florida; Florentina Blandu, Esquire, Tallahassee; Harlan Pomeroy, Esquire, Miami; Donna Stinson, Esquire, Tallahassee; KENTUCKY: Russell J. Weaver, Professor of Law, University of Louisville; MARYLAND: Bill Condrell, Esquire, Chevy Chase; Kurt Muellenberg, Esquire, Chevy Chase; Tish Pahl, Esquire, Bethesda; Tom Pahl, Esquire, Bethesda; Stephen Stec, Esquire, Baltimore; Craig Wilson, Esquire, Bethesda; NEW YORK: Mark Dietrich, Esquire, New York City; Caroline Harris, Esquire, New York City; Edwin Paxson, Esquire, New York City; Gary Shaw, Professor of Law, Touro University; Judge Charles P. Sifton, U.S. District Judge, Eastern District of New York; Robert Stark, Esquire, New York City; William Valletta, Department of City Planning, The City of New York; PENNSYLVANIA: John P. Fullam, Judge, U.S. District; John Zerr, Esquire, Philadelphia; TEXAS: Roland Bassett, Esquire, Galveston; Barbara Cavanagh, Mediator & Trial Consultant, Austin; John Jay Douglass, National College of District Attorneys; Larry Mabry, Esquire, Dallas.

D. Training Seminars

Through specialized training seminars, CEELI offers lawyers, judges, and law school faculty training in the continuing development and understanding of new legal infrastructures. Through this program, CEELI initiates substantive, long-term, comparative training programs that provide institutions with assistance in advancing the development of the rule of law. To date, CEELI has conducted 11 legal training seminars involving over 1,000 Central and East European participants. On the U.S. side, we have been able to attract experts such

ARIZONA: Ruth V. McGregor, Judge, Arizona Court of Appeals; **CALIFORNIA:** David Teichmann, Assistant General Counsel, Tandem Computers, Inc.; **FLORIDA:** Fletcher Baldwin, Professor of Law, University of Florida; Harlan Pomeroy, Esquire, Miami; Alan C. Sundberg, Retired Chief Justice of the Florida Supreme Court; Dr. Siegfried Wiessner, Professor of Law, St. Thomas School of Law; **NEW YORK:** Charles P. Sifton, U.S. District Judge for the Eastern District of New York; **OKLAHOMA:** John Makdisi, Dean, University of Tulsa College of Law; **PENNSYLVANIA:** Carolan Berkley, Esquire, Philadelphia.

III. SISTER LAW SCHOOL PROGRAM

The Sister Law School Program is a very special program for CEELI. The objective of the program is to pair each Central and East European law school with at least three American law schools with which they work on a continuing basis. The program is designed to support and facilitate cooperative relations on a variety of levels between Central and East European law faculties and American law schools and to assist those law faculties with curriculum reform.

To date, deans from 41 Central and East European law schools have traveled to the United States to spend a month with their sister U.S. law schools, each dean visiting two or three American law schools for a week. Over 126 American law schools throughout the United States are participating in the Program. Law schools in the program, include, to name just a few:

CALIFORNIA: Golden Gate University; Pepperdine University; Santa Clara University; Southwestern University; University of California\Boalt; University of California\Davis; University of California\Hastings College of Law; University of California\Los Angeles; University of the Pacific\McGeorge School of Law; University of San Diego; University of San Francisco; Whittier College; **FLORIDA:** Florida State University; Stetson University; St. Thomas University; University of Florida; University of Miami; Nova University; **IOWA:** Drake University; University of Iowa; **KENTUCKY:** Northern Kentucky University; University of Louisville; University of Kentucky; **MARYLAND:** University of Baltimore; **NEW JERSEY:** Rutgers University; Seton Hall University; **NEW YORK:** Albany Law School; Brooklyn Law School; Cornell University; Fordham University; Hofstra University; New York Law School; New York University; Pace University; State University of New York at Buffalo; St. John's University; Syracuse University; Touro College; **OKLAHOMA:** Oklahoma City University; University of Oklahoma; **PENNSYLVANIA:** Temple University; University of Pennsylvania; University of Pittsburgh; Villanova University; **TEXAS:** Baylor University; Southern Methodist University; South Texas College of Law; St. Mary's University; Texas Southern; Texas Tech University; University of Houston; and University of Texas.

IV. FORMER SOVIET UNION

Our newest initiative has been directed to the Newly Independent States of the former Soviet Union (NIS). A year ago, CEELI received a USAID grant to help the fledgling nations of the NIS create a new framework to replace the ineffective legal foundation created under Soviet rule. Nearly seventy years of totalitarianism left a legacy of anachronistic constitutions, laws repressing the rights of the individual, and a weak judiciary that will take years to reform. Most laws were poorly drafted, and even more poorly enforced, establishing little in the way of limitations on state bureaucratic powers.

To respond to the needs of the former Soviet Union, CEELI has launched a major rule-of-law initiative focusing on work in several critical priority areas: constitutional reform; judicial restructuring; criminal law and procedure reform; and local government law reform. More recently, CEELI has agreed to develop potential projects involving reform of the legal profession. CEELI is also working on a case-by-case basis on projects conducive to commercial law development.

Viewing the region as a whole, CEELI is developing a number of pilot legal assistance projects that can be replicated elsewhere in the NIS. Country-specific focus will still be a key element of CEELI, but we believe that certain programs, particularly in the implementation stage of the legal reform process involving training programs, can be developed and adopted to address "common problems" within the region.

During the past year, CEELI has focused on several fundamental areas of legal reform in the NIS. CEELI will continue to provide assistance in these six important areas:

1. **Constitutional Reform:** CEELI assisted eight countries in the region in their attempts to draft new constitutions (Russia, Ukraine, Kazakhstan, Armenia, Moldova, Kyrgyzstan, Belarus, Uzbekistan).

In January 1993, CEELI held a workshop on the official draft Russian Constitution with leading drafters of the Constitutional Commission. The workshop helped to clarify a

number of difficult separation of powers issues at a critical time in executive-legislative relations in the Russian Federation.

In addition to a series of constitutional drafting workshops, CEELI has provided ongoing assistance with constitutional development through the placement of long-term specialists, specifically in Ukraine, Belarus, and Kyrgyzstan.

During the coming year, CEELI plans further drafting work in some countries, as well as projects enhancing protection of constitutional rights. Having made a significant contribution to the constitutional drafting process in these countries, CEELI will now focus more of its attention on the implementation stage to ensure that the protections enunciated in the new constitutions are carried out. Thus, CEELI will work with legislators to establish necessary provisions to ensure that legislative acts conform with the new constitutional protections.

The purpose of this type of assistance is to facilitate extended dialogue among the drafters of the constitutions, utilizing the experience of U.S. constitutional experts.

In Belarus, for example, CEELI has agreed to help conduct a multi-pronged human rights education and development initiative directed at constitutional human rights guarantees:

- * Assistance with drafting human rights legislation in the parliamentary Committee on Mass Media, Glasnost, and Human Rights.
- * Development of a human rights continuing legal education training program based at the newly-established European Humanitarian University in Minsk. The program could provide the basis for creation of a permanent civil and political liberties association to monitor government compliance with constitutional norms.
- * Creation of a research library at the European Humanitarian University with

the cooperation of the Soros Foundation. The library will serve as a focal point for information on legal reform, particularly human rights protection.

2. Judicial Restructuring: Development of an independent judiciary is critical to long-term viability of newly adopted constitutional principles. CEELI has been closely involved in commenting on draft legislation in this area. In Russia, CEELI's proposed work, assisting with the establishment of a limited jury trial system for serious crimes in five target regions, will be an important vehicle for advancing judicial reform projects in a number of different contexts.

Under the Soviet system, there was no attempt to curtail the actions of the state because citizens were able to actualize their rights only through the mechanism guaranteeing the supremacy of the Communist Party. The judiciary was equally subordinate to the state. Through "telephone justice," judges, prosecutors, investigatory and local officials were obliged to adhere to Party doctrine, assuring that the interest of the state prevailed over any individual right.

Many of the Newly Independent States have passed, or will soon pass, legislation further empowering the judiciary and increasing judges' material support. Other legislation is or will be designed to restructure court organization and jurisdiction. Western technical legal assistance can provide useful guidance in this area.

In particular, U.S. attorneys can assist in designing educational programs to train educators in selected judicial areas such as judicial ethics, courtroom and management skills, and decision-making processes. CEELI has already conducted similar programs in Central and Eastern Europe, which have successfully focused on general issues designed to increase the stature of the courts. Recently, CEELI has also agreed to undertake a significant judicial reform project - a long-term program of assistance to the Kazakhstani Constitutional Court, which has been proposed for USAID funding.

American judges, clerks, and court management experts can undertake many practical

initiatives in the area of court administration, including case docketing and other record-keeping techniques, and jury pool selection.

CEELI is well suited to continue to provide assistance in judicial restructuring. We have already assessed numerous draft laws on the judiciary and the status of judges as they relate to Ukraine, Kazakhstan, Armenia, Belarus, and Moldova.

CEELI's most important judicial restructuring is Russia's planned jury trial initiative. This initiative is an ambitious overhaul of the procedure for certain felony cases in up to nine Russian Oblasts.

As a result of its inclusion on the Vancouver Summit agenda, the Russian jury trial initiative has returned to center stage in the legal reform area. CEELI has already developed a detailed assistance plan that includes the formation of five-person legal assistance teams (including judges, prosecutors, defense attorneys and court administrators) to assess the needs of the various regional courts and provide in-depth training. The program will be initiated next month.

Because new constitutional courts may stand the best chance of advancing judicial independence, CEELI plans to inaugurate a significant constitutional court project in the NIS. Next week, CEELI will initiate this project with the Kazakhstani Constitutional Court. Washington State Supreme Court Justice Robert Utter will work with the Court on jurisdictional definition matters, appellate process, and court administration.

3. Criminal Law and Procedure Reform: As with constitutional and judicial restructuring, criminal law reform is a prerequisite to establishing long-term political and economic stability. Since existing criminal codes in most cases still penalize political and economic activity, CEELI has focused its efforts on assessing more than 12 laws in the area of criminal law and procedure codes. American lawyers have substantial experience in the practical operation of many fundamental principles governing the rights of the accused, including: prompt judicial review of arrest or detention; the right to counsel; the right to a

speedy trial; and compulsory attendance of witnesses testifying in support of and against the accused.

Kazakhstan has proven to be an excellent test case for U.S. technical legal assistance in criminal law reform. CEELI has been closely involved in the drafting of new criminal law and procedure codes, including the organization of two major technical assistance workshops with emphasis on balancing criminal law enforcement with the civil and economic freedoms associated with democratic, free enterprise systems.

CEELI has already posted four criminal law specialists to Kazakhstan, including one legal expert on juvenile justice which has resulted in concrete discussion on the creation of a new and separate juvenile court system.

4. Local Government Law Reform: The devolution of authority to local governments is a fundamental component of the post-communist era. Throughout the NIS, local governments are grappling with fundamental and nascent issues which require urgently needed assistance in many areas including regulatory reform, city organization reform, and privatization. It is particularly important that reforms succeed on the local level; if they fail, citizens may impute their frustrations with local democracy to the concept of democracy in general.

CEELI is building on its successful local government assistance project in Krakow, Poland to design a program to assist in the following local government areas: (1) reforming local government structures, (2) redefining jurisdictional competencies, (3) drafting and implementing conflict-of-interest and other ethics laws or guidelines, and (4) initiating commercial law education at the local government level.

CEELI is directing substantial local government assistance to Nizhny Novgorod. Because it faces many of the same generic government organizational and jurisdictional difficulties present in virtually all post-Soviet municipalities of any size, Nizhny is serving as a useful venue for long-term assistance with commercial legislation, reorganization of executive and legislative organs and clarification of jurisdictional lines; and strengthening of the judiciary or alternative dispute resolution bodies.

5. Commercial Law: There is a tendency within U.S. governmental circles to bifurcate commercial and rule of law reform. This is an artificial distinction, considering that both areas of law are so intricately woven into the fabric of any legal system - civil or common law.

I recall a meeting I had with the Polish Minister of Justice during the conceptual stage of CEELI. He candidly remarked that "if our economic reforms fail, our political reforms will also fail." Perhaps his remark is rather obvious today. Yet, who would have predicted that even today the main pillars of commercial activity - laws on real property, bankruptcy, private contracts, secured transactions, and a host of other related laws - do not exist or are inadequate for private business development?

The potential range of subjects in the economic field deserving of Western technical legal assistance knows few boundaries. It is clear, however, that certain needs may be more urgent than others. CEELI has identified three major areas: (1) assistance with revision of commercial codes necessary for development of private contractual relations, property rights, and debtor-creditor relationships, (2) assistance with implementing bankruptcy proceedings, (3) and creating a series of commercial law training programs similar to the CEELI Training Institutes in Central and Eastern Europe.

CEELI is already engaged in assisting drafters in Moscow on developing a new commercial code. Thus far, through our expert Russian Commercial Law Working Group, CEELI has offered detailed comments on the overall structure of the proposed Code.

Another important activity in the area of written economic law assistance has been CEELI's recent assessment of Kazakhstan's Draft Law on Oil & Gas. This law, which was analyzed along with the existing statute on subsurface mineral resources by an internationally renowned group of experts, lays the framework for all future exploration and development of the nation's enormous oil resources, and will likely have a significant impact on Kazakhstan's economic revival. Further work in Kazakhstan will include providing

assistance with the new civil code and commercial code drafting, and the drafting of regulations dealing with commercial banking procedures and bank controller procedures.

6. **Reform of the Legal Profession:** Despite the tremendously fragmented state of the profession throughout most of the NIS, CEELI has begun to conceptualize a continuing legal education program. The initial vehicle will be through the expansion to the former Soviet Union of CEELI's highly successful Sister Law School Project. The Sister Law School Project has already helped establish long-term relationships between Central and East European law schools and their American counterparts.

We think you will agree that the Sister Law School Program has been one the most successful USIA-supported programs and an extraordinary example of public-private cost sharing. Thanks to the leadership of a core group of U.S. legal educators, the Sister Law School Program continues to generate an exceptional degree of cost sharing in this and other CEELI programs. A total of 135 U.S. law schools have participated in the Sister Law School Program and have made enormous contributions to ensure its success.

In the Central and East European phase of the Sister Law School Program, participating American law schools covered the costs of hosting deans at their schools, providing over \$290,000 in support of the program to supplement two grants from USIA. These participating schools made additional contributions to the program in the form of book donations and other follow-up cooperative programs in legal education. Last month, a group of twelve U.S. law deans, under the auspices of CEELI, held three day workshops in Moscow and Minsk. A total of 30 law schools from throughout the former Soviet Union participated in the workshops. The purpose of these meetings was to establish priorities among the NIS law faculty deans for reform of legal education. The meetings provided legal educators on both sides an opportunity to discuss specific proposals for reform of legal education.

We hope to duplicate the Sister Law School Program by bringing deans from the NIS law schools to the United States in September.

V. CONCLUSION

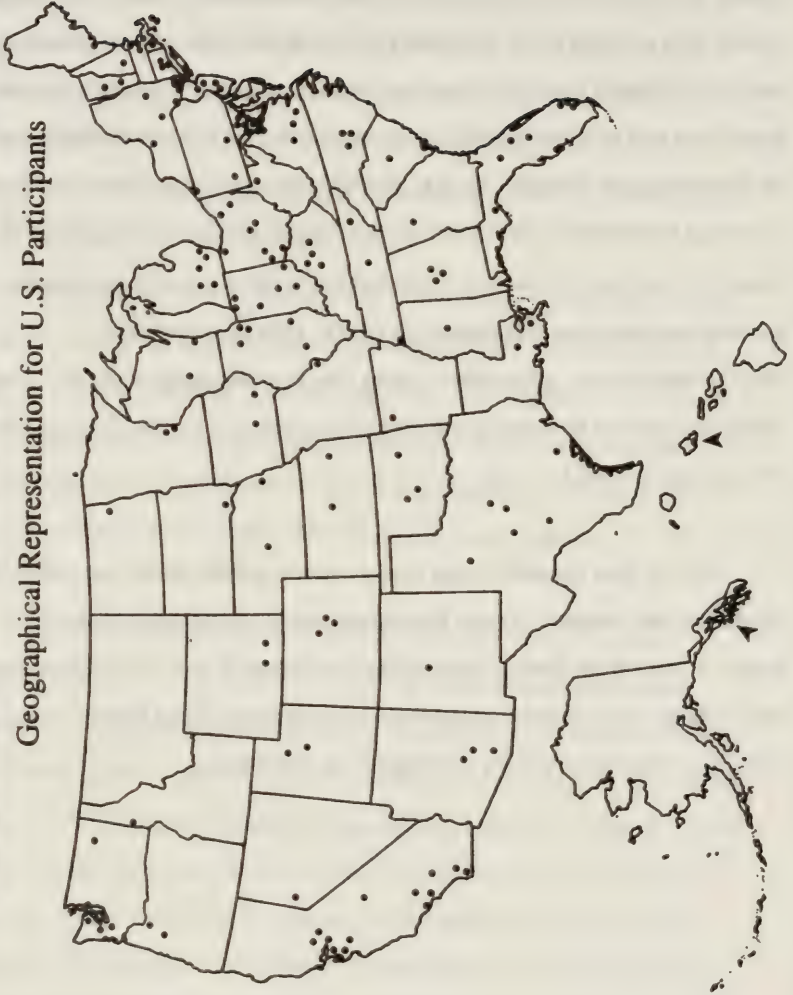
The final point I would like to make is perhaps the most important, if not the most obvious; the democratic law reform in Central and Eastern Europe and the NIS is an ongoing process, not a concluded event. The reforms we have applauded are not fully achieved; indeed, the challenges ahead are in some respects at least as great as those now past. The gains to date have been profound, but they are not immune from reversals. Notwithstanding the current budgetary constraints, the U.S. government cannot afford to diminish its support of the legal transformation occurring in Central and Eastern Europe and the former Soviet Union. Our assistance, however, can be accomplished in cost-effective ways, particularly by involving nongovernmental organizations like CEELI. CEELI has proven that, dollar-for-dollar, the U.S. government is gaining remarkable leverage for a relatively small investment. We hope that Congress will continue to support the allocation of USAID and USIA funding for CEELI.

The U.S. legal community stands ready to meet the growing demand and challenges of providing legal assistance to these fledgling democracies. In the final analysis, the success or failure of the historic rebirth of Central and Eastern Europe and the former Soviet Union will rest on the realization of one simple but fundamental concept inherent in every democracy - the establishment of a state based on the rule of law.

APPENDIX A

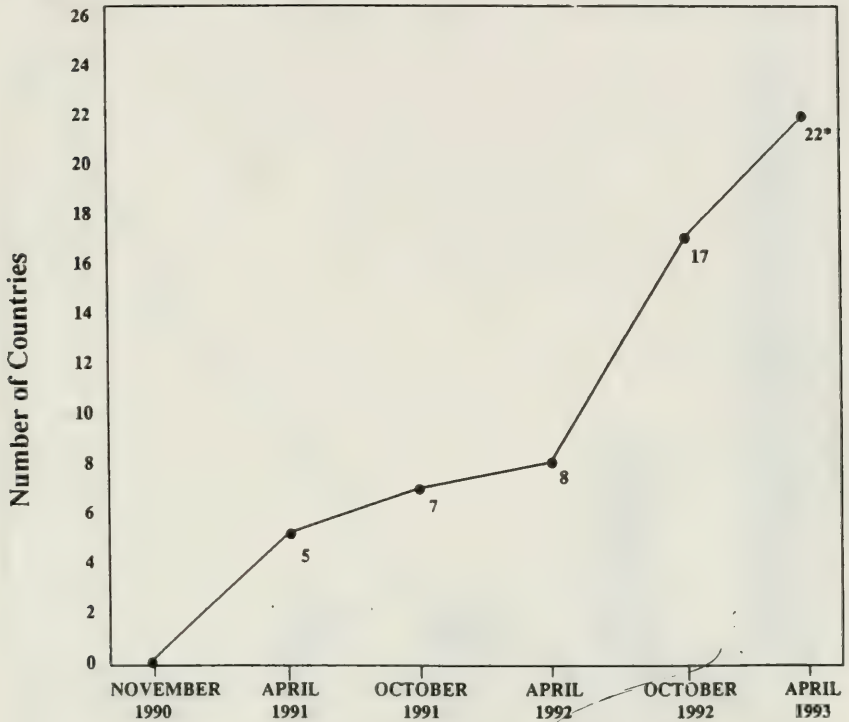
CEELI AMERICAN BAR ASSOCIATION
CENTRAL AND EAST EUROPEAN LAW INITIATIVE

Geographical Representation for U.S. Participants



AMERICAN BAR ASSOCIATION
CENTRAL AND EAST EUROPEAN LAW INITIATIVE
CEELI

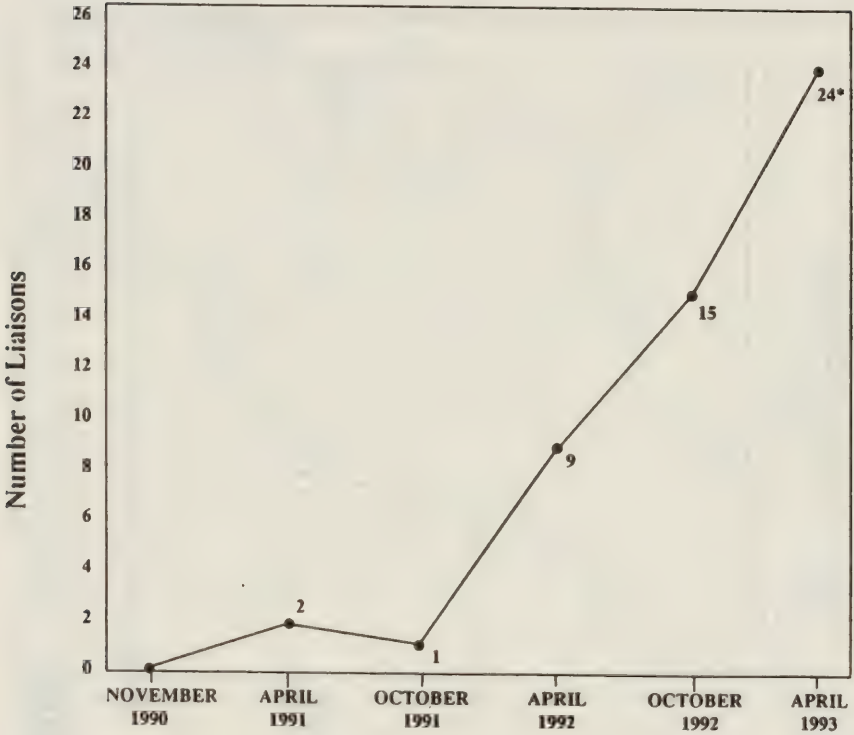
Number of Countries in Central and Eastern Europe,
and the former Soviet Union Participating In CEELI - November, 1990 - April, 1993



*Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Kazakhstan, Kyrgystan, Latvia, Lithuania, Macedonia, Moldova, Poland, Romania, Russia, Slovakia, Slovenia, Ukraine and Uzbekistan.

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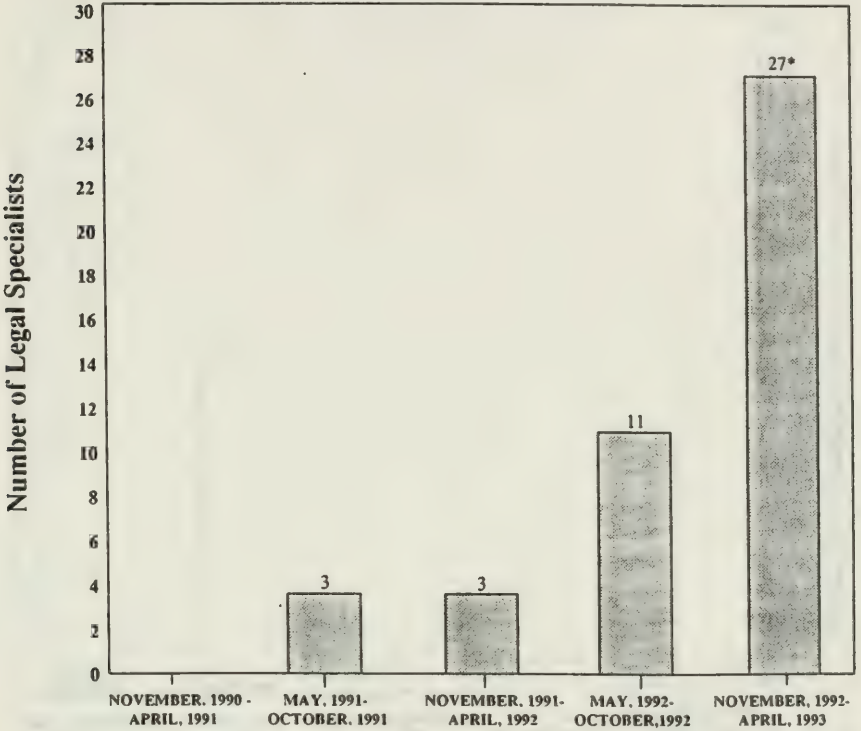
Number of CEELI Liaisons Serving in Central and Eastern Europe,
and the former Soviet Union - November, 1990 - April, 1993



*CEELI has liaisons currently stationed in Albania, Belarus, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Poland, Romania, Russia, Slovakia and Ukraine.

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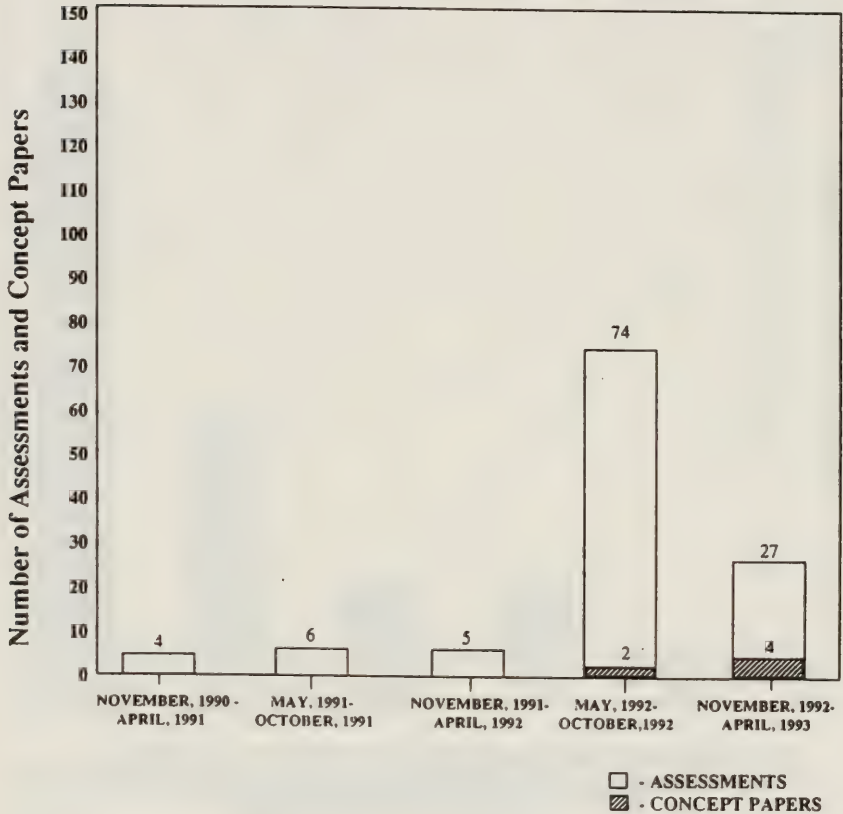
Number of CEELI Legal Specialists Serving in Central and Eastern Europe,
and the former Soviet Union - November, 1990 - April, 1993



*Countries where CEELI Legal Specialist have served: Albania, Belarus, Bulgaria, the Czech Republic, Estonia, Hungary, Kazakhstan, Kyrgystan, Latvia, Lithuania, Poland, Romania, Russia, Slovakia and Ukraine.

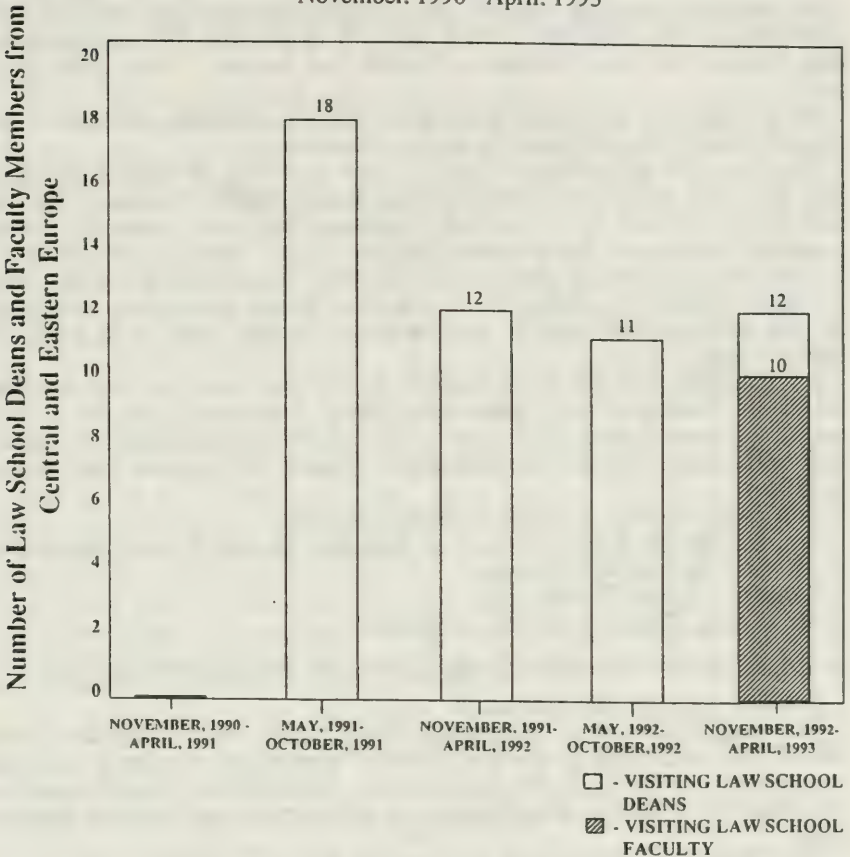
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Number of Draft Law Assessments and Concept Papers Prepared for
the Countries of Central and Eastern Europe,
and the former Soviet Union - November, 1990 - April, 1993



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CEELI

Number of Visiting Law School Deans and Faculty Members
from Central and Eastern Europe through CEELI's Sister Law School Program
- November, 1990 - April, 1993



Senator LEAHY. How are the people chosen who are over there doing this pro bono work? Because there has got to be a fair amount of expense involved, aside from the lost time from work, by just being there.

Mr. ELLIS. We primarily work through the 365,000 members of the ABA in the various sections. And we have a comprehensive selection process. But we are not short of interested people.

Senator LEAHY. That is interesting.

Mr. ELLIS. Every month, we have hundreds of résumés coming in of attorneys who want to take a sabbatical and do this type of work. And we simply provide the logistical costs to do that. But it is quite amazing, the response.

Senator LEAHY. It is, because I have found that groups from Russia or the other republics who come over to visit with me are unfat-

miliar with some of the things we just sort of take for granted, like filing a legal document and knowing that you have a central place you can find its file. Well, there is either an agreement or not. You have got a mortgage or not, a lien or anything else. And you start explaining that, and you suddenly realize you are going back to the most basic aspects of the commercial world.

It is the same with parliaments. I recall once that a group came over early on, saying how do you really have civilian control, for example, of the military. I said, well, it is simple. We appropriate the money. We can always withhold the money. They said, you can?

So I asked my staff and they said, well, in principle you can. You cannot, but if you get enough of you, you can.

But just the very basic things. I had a group in right after the last election, and they were talking about when President Carter had been defeated by President Reagan. They said, here the most powerful leader on Earth gets defeated in an election, and shakes hands, turns over the power, and leaves. They said, we have had elections where you lose, but it does not mean you leave. You just do the election over again and redesign things. And it is kind of fascinating.

I hope that you are very careful, and I am sure you are, in the selection process of who goes over there. Because it can be a tremendous benefit just to do the nuts and bolts. If you get the nuts and bolts, then I think the potential is there for a great deal more to follow.

You said you had a plane to catch? Feel free.

Mr. ELLIS. No, I am sorry, that was Mr. Moyer. I was taking his place. So I will stay, if I may.

Senator LEAHY. Thank you.

Mr. ELLIS. Thank you, Mr. Chairman.

STATEMENT OF JOHN KAVULICH, KAVULICH INTERNATIONAL, INC.

Senator LEAHY. Mr. Kavulich.

Mr. KAVULICH. Mr. Chairman, the Clinton administration has voiced two principal goals for financial assistance to the countries of the former U.S.S.R. First, eliminate the region's nuclear weapons. Second, promote development of democracy and market economies.

Both goals are sound, but the means chosen to achieve them are not.

If eliminating nuclear weapons were truly a priority, then every dollar would be targeted toward the purchase and dismantling of nuclear weapons. The result would be immediate funds, which the governments could use for economic development.

The United States and its Allies would not immeasurably suffer if the markets of the countries of the former U.S.S.R. remain non-existent or small during the next 5 to 10 years. The U.S. taxpayer, however, bore close to the entire \$10 trillion spent to defend and protect its allies against the tentacles of communism. So the United States must now demand that those same allies follow our nuclear weapons reduction strategy.

The Russian Federation of today's boundaries is imploding, much the same as did the U.S.S.R. It will be impossible for President

Yeltsin not to succumb and use the potential and actual United States and other country financial assistance as carrots and sticks toward the Russian Federation's republics, autonomous regions, oblasts, and districts.

If a republic decides to withhold revenues from Moscow, will the United States withhold, reduce, or find other ways to influence the republic?

During the next several years, 5 to 8 of the current 21 Russian Federation republics will no longer be functioning parts of the country.

With respect to agricultural credits and loans, if low interest agricultural loans and credits are to be continued, then at least encourage the purchase of consumer food products. Canned, packaged, and frozen foods involve a much greater interaction of the U.S. labor force than do the commodities such as grain. So the revenue stream is longer and deeper.

The private sector knows painfully well that a country's political climate must be stable before the economy will be given the required nutrients to develop. However, Ambassador Strobe Talbott, a journalist and author, has said that: "you bet," he would invest now in the Russian Federation. But the former Ambassador to the Russian Federation, and lawyer, Robert Strauss, has said that he would not invest now in the Russian Federation.

If the United States Congress and administration feel that they must make funding available for economic development in the countries of the former U.S.S.R., then consider allocating moneys, whereby the United States business could apply for 100 percent fundings if the business agrees to locate a manufacturing operation within one of the countries of the former U.S.S.R. The U.S. business gains market presence. The former U.S.S.R. country gains jobs for its citizens, and products which can be sold domestically or in other markets. And the U.S. public sector can view the immediate results from the use of taxpayer funds.

Viable manufacturing operations established within the countries of the former U.S.S.R. would create assets, which are the foundation of all sound economies.

There have been many problems with current enterprise funds, where the principals are taking significant fees for their services, travel, entertainment, et cetera. There must be better accountability for these funds, such as full public disclosure of their expenditures.

The Agency for International Development has allocated many millions of dollars for projects within the countries of the former U.S.S.R. Here, too, expenses for advisors, travel, entertainment, et cetera, are far higher than is justified. Public sector economic development funds should not be used by individuals seeking to receive an education.

A new AID-funded entity, the Eurasia Foundation, will be receiving \$75 million over 4 years for projects within the countries of the former U.S.S.R. The Congress should encourage accountability.

Several senior officials of the countries of the former U.S.S.R. have privately remarked that with so many United States delegation visits, there is not enough time to complete the task discussed during previous meetings. Said one official:

They—United States officials—believe that their visits allow us to feel important, that we want them to be in our country all the time. The truth is they want the trips for prestige, for photo opportunities, to justify their jobs, make contacts for after they leave government, and gather research for the book they want to write about how they changed our country.

Sadly, another official offered that:

One of your ambassadors is so in love with himself, so taken with the trappings of the position that we have come to think of him as the last Politburo member.

Senator LEAHY. As the last what?

Mr. KAVULICH. Politburo member.

He believes that he knows everything and we are his children.

The result of the two coups in 1991 was the elimination of the only political and economic institutions which the peoples of the U.S.S.R. had known, and left nothing to replace them. Until new political institutions are created and accepted, the United States must be cautious with how economic assistance is provided, if provided at all.

The countries of the former U.S.S.R. must be allowed to reestablish their natural political and economic links with one another.

And if I may conclude. If the United States provides funds to the Russian Federation, Ukraine, Kazakhstan, and Belarus, and receives no nuclear weapons, the result will be wealthy countries with nuclear weapons. If the funds are provided and do not work, they will have been wasted. To provide money and hope for success is not a sound strategy by any measure.

PREPARED STATEMENT

The strategy which will result in the most immediate, quantifiable, qualifiable results for the United States taxpayer is to purchase nuclear weapons from the countries of the former U.S.S.R. which have them. But, first, the Congress and the administration must understand that taking pause, and, perhaps, choosing to wait and do nothing can be a viable strategy.

Thank you, Mr. Chairman.

I have extended remarks to be included.

[The statement follows:]

STATEMENT OF JOHN KAVULICH

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to share with you my concerns with respect to United States Government financial assistance at this time to the countries of the former U.S.S.R..

These views have been shaped by travels to fifty-seven countries, including multiple and extended visits to each of the countries of the former U.S.S.R.. During the last ten years, my professional focus has included the U.S.S.R. and its successor countries; eastern, central, and middle European regions; South Africa; and Cuba. Kavulich International was credited as the first United States marketing company to be retained by an official agency of the U.S.S.R.. Working with the TASS News Agency (now known as ITAR-Tass), I was charged with developing and implementing strategies designed to enhance the image of the U.S.S.R.; and to assist with summit planning. Kavulich International was recognized as the first United States marketing company to specialize in developing political and commercial relationships directly with the individual republics of the U.S.S.R..

The most compelling reason to delay or cancel the expenditure of previously approved and requested funding for the countries of the former U.S.S.R. is the citizens of these countries have yet to define themselves politically. When ethnic identity is the foundation of country conflict, as it is here, outside financial assistance may provide an artificial solace, but not a permanent solution. The prudent international strategy, which must be led by the United States, is to pause.

The strategic interests of the United States should be as the immediate interests- develop and maintain political and economic relationships that protect and enhance the security of the people. The print and electronic media seem to be setting the political and economic agendas of the United States Government as they relate to the countries of the former U.S.S.R.. Given the challenging portraits which have been painted by the print and electronic media of these countries, it is of little wonder that the United States public sector has reacted. But, more significantly, is the fact that the United States private sector has chosen to pause.

A decision to do nothing at a particular moment in time can be effective, even virtuous. Granted, a decision by the public sector to do nothing can be interpreted as inept. The private sector demands that the decision process include patience, and patience is the sometime marriage partner of risk. The public sector, by contrast, seems at times to have a genetic necessity to do something, anything, as long as there seems to be action. This reflex can lead to decisions which are based upon incomplete information.

The current decision process throughout the countries of the former U.S.S.R. is horizontal, not vertical as is common. When we have a decision to make, a vertical list is compiled which ranks the most important consideration to the least important. In the countries of the former U.S.S.R., every consideration is of equal political, economic, and social weight. Each consideration is, therefore, listed directly beside one another. The result is virtual impossibility to differentiate priorities; and an ever-increasing in diameter ring which represents components of only one decision. This decision process will change for the better, but only naturally and not by means of artificial stimulus.

Clinton's Two Goals

The Clinton Administration has voiced two principal goals for its financial assistance to the countries of the former U.S.S.R., but which overwhelmingly focuses upon the Russian Federation. The first goal is to eliminate the region's nuclear weapons. The second goal is to promote the development of democracy and integrated market economies. Both goals are sound. The means chosen to achieve them are not.

If eliminating nuclear weapons were truly a priority, then every dollar remaining from the US\$1.8 billion from 1992 and US\$1.6 billion currently requested would be targeted towards the purchase and dismantling of nuclear weapons from the Russian Federation, Ukraine, Kazakhstan, and Belarus. President Clinton would have little difficulty receiving authority from Congress because the benefits to the taxpayers would be immediate. The governments of the Russian Federation, Ukraine, Kazakhstan, and Belarus would earn immediate funds for economic development, which would be extremely difficult politically for them to refuse. Once every nuclear weapon from the four countries had been removed, the four countries would have the economic foundation to move their countries forward. For its part, the United States could dismantle one of its nuclear weapons for every weapon it receives from the countries of the former U.S.S.R.. If the United States intends to spend 1,3,5,10,28, or 43 billion dollars on financial assistance, there should be an immediate budgetary benefit to the United States- less nuclear weapons to maintain and target. Unfortunately, given the management of United States-Ukrainian relations thus far, it is doubtful that the Ukrainians would have confidence in such a proposal from the Administration. However, an attempt should be made.

The manner in which the Clinton Administration has dealt with Ukraine is a result of a lack of understanding and appreciation of U.S.S.R., Russian, and Ukraine histories and relations. In 1991, then United States President Bush delivered a speech in Kiev during which he warned Ukraine against "suicidal nationalism." The remark was criticized by then Governor Clinton.

Now, the Clinton Administration has permitted a series of blunders. First, Ukrainian Foreign Minister Anatoliy Zlenko was given a chilly reception by President Clinton. Next, Ukrainian Prime Minister Leonid Kuchma was refused a meeting with President Clinton, despite comments from Secretary of State Warren Christopher that the Administration was always ready to speak with representatives of Ukraine. In an about-face, Defense Secretary Les Aspin and Ambassador Strobe Talbott recently held meetings in Kiev with Ukrainian officials. When the Administration should be providing support, pressure is used. The result is a Ukraine which is suspicious of United States overtures.

The United States and its allies would not immeasurably suffer if the markets of the countries of the former U.S.S.R. remain non-existent or small for the next five years. This is a small price to pay for the destruction of nuclear weapons. Since the United States taxpayer bore close to the entire estimated US\$10 trillion spent to defend and protect its allies from the tentacles of communism, the United States must now demand that the allies follow a United States-designed strategy to reduce the amount of nuclear weapons in the world. Every tax dollar that is not spent on nuclear weapons development, maintenance, and targeting, can be spent elsewhere in the economy. Continuing to provide loans and credits to the countries of the former U.S.S.R., especially to the Russian Federation, is unwise. The loans and credits will unlikely be paid back and, thus, will become the burden of the United States taxpayer.

What to do about the Russian Federation

The Russian Federation must not be the successor to the U.S.S.R.. This possibility exists because most countries of the former U.S.S.R. will remain dependent upon the Russian Federation for their energy and raw materials. This leverage has already been used by the Russian Federation to extract concessions from several countries. The other leverage being used by the Russian Federation on its neighbors are the large numbers of military troops that remain stationed in most of the countries of the former U.S.S.R.. If the United States continues to treat the Russian Federation as successor to the U.S.S.R., the other countries will remain politically and economically insecure. The more insecure they are, the more insecure and expansionist the Russian Federation may become. With no nuclear weapons, the Russian Federation would take its place amongst developing nations- an ego blow to its self-perceived dignity. And, the country's president would certainly not be entitled to a summit with the president of the United States.

Given the lack of the re-emergence of political and economic institutions within the Russian Federation, coupled with its changing political and economic borders as the republics seek their individual self-determined

destinies, United States policy must be to target the other countries of the former U.S.S.R. where institution-building can be more easily developed. A smaller economy provides greater opportunity for timely success. Support by the United States and its allies for Lithuania, Latvia, Estonia, Belarus, Kazakhstan, Kyrgyzstan, and Ukraine will 1) provide useful models of economic development for the Russian Federation to evaluate and 2) insulate the Russian Federation economy- to its advantage. A much smaller investment in manufacturing projects through grants and loans can have a far greater practical and immediate impact than investments within the Russian Federation.

One example of how the lack of accepted political institutions has held hostage economic development within the Russian Federation is the story of Gazprom, the gas monopoly. Gazprom is the world's single largest natural gas concern, accounting for more than 30% of global production and almost 40% of the world's total gas reserves. Approximately 10% of Gazprom's products that it exports to Western Europe are received by the concern in world market prices. In 1992, this revenue amounted to approximately US\$4 billion. If the Russian Federation allowed Gazprom to privatize, the concern would be able to seek financing to upgrade production facilities and explore for new gas fields. Politically, the Russian Federation does not want to lose an important instrument of global and domestic influence. Seeing the inability of Moscow to make a decision, the production associations which make-up Gazprom have begun to seek their commercial independence.

And, the regions of the country in which the production associations are located have also begun to seek political and economic independence from Moscow. As long as there is a fight for political power within the Russian Federation, the country will continue to disintegrate. Financial assistance from the United States will only create false political bedfellows- who will eventually awaken, reflect upon what had happened, and begin to fight once again, only this time with greater vigor. The process of re-establishing political and economic institutions must be left to the republics of the Russian Federation and countries of the former U.S.S.R.. The process may be unattractive to watch, but the resolution must be a natural progression, rather than artificial for the sake of expediency.

The Russian Federation of today's boundaries is imploding- politically, economically, and socially. Much the same as did the U.S.S.R.. The almost 100 nationalities of the Russian Federation are each seeking a refund, with interest, for real or perceived infractions on their sovereignty as individuals by the U.S.S.R.. The Russian Federation, as the self-anointed successor of the U.S.S.R., is now expected to satisfy their claims. The United States nor any other country must not provide outside influences which would prevent the settlement of these infractions. To do so will only undermine the political and economic strategic interests of the United States for generations to come.

The current plans by the Clinton Administration for distributing financial assistance to the countries of the former U.S.S.R., and specifically to the Russian Federation, are a political and economic boobytrap. During the period leading to the April Russian Federation referendum, President Yeltsin made numerous promises in order to get votes- increase wages, decrease prices, increase pensions, loans for housing, etc.. Many of the promises contradicted his promises to the International Monetary Fund. Providing President Yeltsin with distributable funds at this time would not be in his best interest. He must be allowed to develop and implement stability without the enticement of outside resources that must not be counted upon due to the constraints of the giving countries. Outside influence might hasten agreements, but they may be artificial agreements. Providing money to a politician can be likened to providing drugs to an addict- the drugs are accepted, the addict says thank you, uses the drugs, and then asks for more. Making an attitude change is painful, but why change when it is possible to maintain the status-quo. And, perhaps, protect one's position.

President Yeltsin is currently in the process of drafting a new Russian Federation constitution. Not implementing, but drafting. Implementation and country-wide acceptance of constitutional authority will take years. President Yeltsin has said that his aim is to hold the "Great Russia" and "Superpower Russia" together. The 1970's definition of the term superpower was based upon military capability. The 1990's definition has two components, economic and military capability. Today's Russian Federation does not qualify under either definition, nor is it in the interest of the United States for the Russian Federation or any other nation to qualify.

It will be impossible for President Yeltsin not to succumb and use the potential and actual United States and other country financial assistance as carrots and sticks towards the Russian Federation's republics, autonomous regions, oblasts, and districts. President Yeltsin will not choose to reward his perceived enemies, which in reality may be or become allies of United States interests. The Clinton Administration has said that its financial assistance will bypass the central government. This will be impossible. Will Yakutia with its diamond wealth so desperately needed by the Russian Federation Government to repay loans and credits, receive financial assistance if its leaders continue to seek independence from the Russian Federation? If the republic decides to withhold revenues from Moscow, will the United States withhold, reduce, or find other ways to influence the republic? This would not be a proper role for the United States because the result could be an economic Vietnam.

Tatarstan, Mordovia, Yakutia, Sakhalin Oblast, and even the St. Petersburg Oblast have signaled their intention to gain greater political and economic independence from Moscow. Yakutia, with its tremendous mineral and energy

wealth, would be a crippling loss for the Russian Federation. When the U.S.S.R. signed an agreement with DeBeers to market the country's diamonds, the republic was allowed to retain a very small share of the profits. After the demise of the U.S.S.R., Yakutia informed DeBeers that the agreement was to be renegotiated, DeBeers agreed. The result was that Moscow was to receive very small share of the profits, while the remainder was for Yakutia. Earlier this month, Moscow informed DeBeers that it once again wished to change the terms of the agreement. Yakutia will determine who gets what from whom.

During the next several years, five to eight of the current twenty-one Russian Federation republics will no longer be functioning parts of the country. Recently, the leaders of the Siberian regions met to discuss the mechanics of forming an independent republic. Tatarstan, oil rich, has already declared itself independent. Yakutia is exploring independence. During the recent constitutional conference in Moscow, 15 of the 21 republics forbid their representatives from signing any draft constitution. President Yeltsin originally proposed a draft which would have given him virtually unlimited and unchecked powers. After much criticism, he backed down. There are parallels between how Russian Federation President Yeltsin handles the republics of his country, and the manner that U.S.S.R. President Gorbachev handled the republics of the U.S.S.R.. The results might be the same as well.

If Tatarstan with its oil; Yakutia with its mineral and energy wealth; and Siberia with its timber and energy wealth depart the Russian Federation, what is left? Perhaps a bust of Lenin.

Other areas within the Russian Federation which seek greater autonomy include Chelyabinsk, Ingushetia, Chechenia, and Kalmykia among a growing list. Few of the republics, autonomous regions, oblasts, and districts would be viable (the Western definition) countries, but they could function at some level.

Impractical Suggestions

There are individuals in the public and private sectors who promote large scale barter transactions as a method for the countries of the former U.S.S.R. to pay their debts. These individuals fail to understand that, in the case of the Russian Federation, Moscow's ability to enforce contracts for resources within the republics of the country is decreasing.

There are individuals who promote that the countries of the former U.S.S.R. trade current investments in their countries for a future payment in raw materials. Establishing a future value may not present too many problems, but deciding what country is entitled to what commodity and at what time

in the future the commodity is to be delivered, will be unworkable. Japan is a huge consumer of energy and timber, but the United States might also have use for both commodities. Germany is already owed more than US\$65 billion. Would Germany allow other countries with far less financial exposure to recoup their loans and credits before Germany? I doubt it.

The continuing tensions between Moscow and the republics over energy projects with other country partners has shown few signs of ending. White Nights, the first oil production joint venture, virtually shut down because of conflicts over central government and republic government taxes. During a conversation with a United States ambassador to one of the countries of the former U.S.S.R., a remark was made that it would be no surprise whatsoever if, once a larger number of other country energy projects are operational, that the investments were nationalized- just as had been in the Middle East.

Stop The Credits

Why has the United States continued to provide low interest loans and credits to the countries of the former U.S.S.R., primarily the Russian Federation? A sinister reason holds that this practice artificially inflates export statistics, while knowing that it is unlikely that the loans and credits will be repaid on time, if at all. Almost US\$1 billion in agricultural loans and credits to the Russian Federation have gone into default or been rescheduled. The United States taxpayer is paying interest on this revolving line of increasing credit because political interests continue to push for these sales. If the low interest loans and credits are to be continued, then at least encourage the countries of the former U.S.S.R. to expand their purchases from commodities to consumer food products. Canned, packaged, and frozen foods involve a much greater interaction of the United States labor force than do the commodities such as grain. The result is that more people are involved with the ultimate transaction, so the revenue stream is longer and deeper.

It is fiscally irresponsible for the United States to finance food purchases at this time to the countries of the former U.S.S.R.. These countries are not in critical need of food. The primary problem is one of distribution and storage. The two coups in 1991 resulted in new and renewed countries flexing their political and economic muscles. Forgotten was that their economies depended upon one another. While it may be good political posturing to state that only convertible currencies will be accepted for commodities and products, and at world market prices. The reality was that historic trade relationships, however distasteful, were vital. The fact that these bilateral and multilateral relationships have broken down is the result of human decision, not divine intervention. The United States must permit

these trade relationships to be re-established by themselves. If not, these new and renewed countries will never learn to accept their proper place amongst the world community. Never must the United States artificially supplant traditional trading relationships because the result will surely be the continuation, rather than solution of the original problem. Subsidies, as Congress knows well, are counter-productive over the long term.

The German Example

Since East Germany reunited with West Germany in 1989, the unified German Government has spent approximately US\$100 billion annually towards bringing the former East Germany to parity with what was West Germany. This US\$100 billion is being spent annually on a population of 18 million people. These expenditures are expected to continue for the next ten to fifteen years. It is important to know that the former East Germany was always considered by Western governments and the private sector to be the "model" of communist development and efficiency.

The Russian Federation, by contrast, has approximately 150 million people representing almost 100 nationalities and covering a land area greater than 60 times that of the former East Germany. In addition, the Russian Federation has varying climates, political, economic, and societal turmoil, vast pollution, and 12 time zones. East and West Germany were nations which re-combined to become a country, but yet remained a nation. The Russian Federation is a country of many nations, most of which would rather be independent.

In order to bring the Russian Federation to parity with say, Mexico in the 1970's, the cost would be US\$1 trillion annually for ten to fifteen years. The current Russian Federation, ideally, could be expected to earn US\$10 to US\$15 billion annually during the next ten years. This estimate is based upon the Russian Federation central government continuing to have authority over the revenues earned by its republics, autonomous regions, oblasts, and districts. For the United States to develop and implement strategies towards the Russian Federation which are based upon the Russian Federation's current borders and control of resources, is not prudent.

The Aid Package

In April of this year, the United States and other countries shamelessly and repeatedly promoted an estimated US\$28 billion financial assistance package for the countries of the former U.S.S.R.. In reality, the package was almost exclusively for the Russian Federation which was insulting to the other countries of the former U.S.S.R.. The private sector knew that the conditions placed upon the Russian Federation were unrealistic, but

the appointed officials and representatives felt they knew best. They did not. The private sector knows painfully well that a country's political climate must be stable before the economy will be given the required nutrients to develop. The public sector, however, either forgot or never knew that overwatering kills plants. Fertilizer was needed, not water. In the case of the Russian Federation, this meant the development of political and economic institutions. The United States and its allies should have paused.

Individuals who do not know what it is to meet a payroll, or develop and sell a product, or risk the equity in their home on a business venture, or have a business success and failure, should not be designing the strategies that will allocate funds within what is probably the most complex commercial environment in the world today.

Rather than spend US\$6 billion in an attempt to stabilize the Russian Ruble, the International Monetary Fund should continue to assist with stabilizing the convertible and non-convertible currencies of the smaller countries of the former U.S.S.R.; and help to introduce currencies in countries that still use the Russian Ruble. In this way, the "Ruble zone" is reduced, which will help to stabilize its value through control mechanisms which will be easier to enforce.

At the Vancouver, Canada, meeting between Presidents Clinton and Yeltsin, Ambassador Strobe Talbott, a journalist and author, said that "you bet" he would invest now in the Russian Federation. The same day, the former Ambassador to the Russian Federation, and lawyer, Robert Strauss, said that he would not invest now in the Russian Federation. Recently, United States Secretary of Commerce, and political broker, Ron Brown, said that "minor changes" in the Russian Federation legal system would produce US\$4 billion in new investments by United States businesses, which would mean a substantial increase from the current US\$400 million level. These varied and conflicting statements signal much of the problem in attempting to provide the United States public and private sectors, and the governments and people of the former U.S.S.R. countries with a clear signal as to what steps can and should be taken by them.

A review of many of the "deals" that have been announced within the countries of the former U.S.S.R. since 1989 finds that approximately 1% materialized. However, there was a positive relationship between businesses announcing "deals" and the price of their traded shares.

Most of the investments that have been made within the countries of the former U.S.S.R. by United States businesses have been self-financed, meaning that outside guarantees were not needed. Those potential investments that received extensive print and electronic media coverage, but never came

to fruition, were not appropriate for the market at the time. The private sector is a far better judge and jury for when and how an investment may be made at this time within the countries of the former U.S.S.R..

To Get Results

If the Congress and Clinton Administration want tangible results from United States public sector financial assistance to the countries of the former U.S.S.R. (President Clinton's second voiced goal), then think manufacturing. The individual countries of the former U.S.S.R. will not be large export markets for finished and processed consumer and durable products from the United States. Those very large United States businesses which have entered the former U.S.S.R. marketplace such as PepsiCo, Procter & Gamble, RJR Nabisco, S.C. Johnson & Son, and Tambrands have established manufacturing operations, not distribution centers. They do not expect for the operations to be profitable for many years, but the businesses are large enough so that the investments can be covered internally.

While the establishment of overseas manufacturing operations does not have the direct economic impact for the people of the United States that product exports have, the profits from overseas manufacturing operations can be channelled back to the domestic economy. If the United States Congress and Administration feel that they must make funding available for economic development in the countries of the former U.S.S.R., then consider allocating monies whereby United States businesses could apply for 100% funding if the business agreed to locate a manufacturing operation within one of the countries of the former U.S.S.R.. The expenses of reaching an agreement with appropriate country entities would be the responsibility of the business, but once a certifiable agreement has been reached, the business would apply for the funding- either a loan or grant. In this way, the United States business gains market presence, the former U.S.S.R. country gains jobs for its citizens and products which can be sold domestically or in other markets, and the United States public sector can view immediate results from the use of taxpayer funds. The monies would be administered by the United States Department of Commerce through a private sector board of directors who would review and approve the funding requests.

Viable manufacturing operations established within the countries of the former U.S.S.R. would create assets, which is the foundation of all sound economies.

Enterprise Funds and AID

The United States has supported the creation of enterprise funds in Poland, Hungary, Czech Republic, Slovakia, and Bulgaria. Previously, the Clinton

Administration asked for US\$300 million to establish an enterprise fund for the Russian Federation. Careful consideration should be given to how this enterprise fund is developed. There have been problems with current enterprise funds where the principals are taking significant fees for their services, travel, entertainment, etc.. There must be better accountability for these funds, such as full public disclosure for their expenditures.

The Agency for International Development has allocated many millions of dollars for projects within the countries of the former U.S.S.R.. Here too, expenses for advisors, travel, entertainment, etc., are far higher than is justified. Public sector economic development funds should not be used by individuals seeking to receive an education. A new AID funded entity, The Eurasia Foundation, has received US\$75 million over four years for projects within the countries of the former U.S.S.R.. The Congress Should encourage the directors of The Eurasia Foundation to fully disclose salaries and expenses. There is a question as to why AID would provide such a large amount of funds to another administrative entity. There are individuals who would question this transfer of responsibilities to question the role and existence of AID.

Too Many Trips

There have been far too many visits to the countries of the former U.S.S.R. by elected and appointed officials and representatives of the United States Government. During the 1980's, it was virtually impossible to arrange for a United States Embassy Staff member in Moscow to visit a republic of the U.S.S.R.. The most frequent reason was that they were too busy arranging tourism and photo opportunities for visiting delegations. Since 1991, such problems have worsened because now there are fourteen more travel destinations for the delegations.

In the private sector, where cost of travel is a concern, consideration is given to cost/benefit analysis. Only those individuals who are absolutely necessary are authorized to travel. Spouses do not travel on business trips. Tourism is left for privately financed trips- especially when the taxpayer is paying the bill.

Individuals who elect public service must remember that they are employees, not owners. The money that they are spending as government officials does not belong to them.

Several senior officials of the countries of the former U.S.S.R. have, privately, remarked that with so many United States delegation visits, there is not enough time to complete the tasks discussed during previous meetings. Said one official, "they (United States officials) believe that

their visits allow us to feel important, that we want them to be in our country all of the time. The truth is they want the trips for prestige, for photo opportunities, to justify their jobs, make contacts for after they leave government, and gather research for the book they want to write about how they changed our country." Sadly, another official offered that "one of your ambassadors is so in love with himself, so taken with the trappings of the position, that we have come to think of him as the last Politburo Member. He believes that he knows everything, and we are his children."

Where we are, Where we go

The result of the two coups in 1991 was the elimination of the only political and economic institutions which the people's of the U.S.S.R. had known, and left nothing to replace them. Until new political institutions are created and accepted, the United States must be cautious with how economic assistance is provided, if provided at all. There remains an undercurrent of resentment towards "foreigners" who are seemingly solely interested in fast riches, while the domestic population suffers. Turnkey manufacturing project development may be one valid strategy to pursue.

If the countries of the former U.S.S.R., especially the Russian Federation, must continue through a period of political impasse and economic decline, then the United States and its allies must permit that. The countries of the former U.S.S.R. must re-establish their political and economic links with one another. Then, and only then, will there be a foundation upon which the United States and its allies will be able to welcome the countries of the former U.S.S.R. into the group of truly developing countries of the world.

Most importantly, the United States must lead its allies. United States taxpayers funded virtually all of the defense of our allies from the tentacles of communism. These same taxpayers should be the first in line to receive the benefits of that investment. The elimination of nuclear weapons from the countries of the former U.S.S.R. should be the primary goal today, not left for another Congress or president.

If the Russian Federation disintegrates, the United States must not seek to prevent it from happening. A smaller and weaker Russian Federation, surrounded by wealthy new countries, might be in the strategic interests of the United States.

If the United States provides funds to the Russian Federation, Ukraine, Kazakhstan, and Belarus, and receives no nuclear weapons, the result will be wealthy countries with nuclear weapons. If the funds are provided and do not work, they will have been wasted. To provide money and hope for success is not a sound strategy by any measure.

The strategy which will result in the most immediate, quantifiable, and qualifiable results for the United States taxpayer is to purchase nuclear weapons from the countries of the former U.S.S.R. which have them. But, first, the Congress and the Administration must understand that taking pause, and, perhaps, choosing to wait and do nothing, can be a valuable strategy.

Thank you for this opportunity to share with you my concerns with respect to United States Government financial assistance at this time to the countries of the former U.S.S.R..

Senator LEAHY. Thank you.

We could debate this for hours, but I will not. I appreciate your comments, and I will make sure the other members of the committee see them, too.

Mr. KAVULICH. Thank you.

STATEMENT OF GEORGE R. PACKARD, DEAN, THE PAUL H. NITZE SCHOOL OF ADVANCED INTERNATIONAL STUDIES, THE JOHNS HOPKINS UNIVERSITY

Senator LEAHY. Mr. Packard, it is good to have you here, sir.

Mr. PACKARD. Mr. Chairman, thank you. I appreciate this opportunity to testify. I was saddened to hear that you will not be in Vermont over the Fourth of July weekend. As one who goes across Lake Champlain and goes to the Adirondack Mountains, I hope later in the summer you will have a chance to nourish the spirit.

Senator LEAHY. The only way I was able to get away with this with the members of my family was to agree that there would be no trips during the August recess, other than down the dirt road to the local store.

Mr. PACKARD. It sounds good.

My name is George Packard, and I am Dean of the School of Advanced International Studies, a graduate professional school of international relations here in Washington, but part of the Baltimore University of Johns Hopkins.

This university has had a center in Bologna, Italy, which I think you are aware of, Mr. Chairman, and also a center in Nanjing, China. And these two centers have been recipients of funding from the ASHA, American Schools and Hospitals Abroad program from AID. And it is a program that I think you know well and we certainly feel strongly about.

We hope that the ASHA program will continue at something like the \$35 million level recently marked up by the House foreign affairs committee. We believe ASHA has accomplished its purposes and will continue to do so.

It is my understanding, however, that the Clinton administration is not going to support the continuation of ASHA. So I would like to make the case to you today that if the United States is going to train young people to function in this new international environment, whether we are talking about the kinds of issues in the former Soviet Union, whether we are talking about selling products, being competitive, creating good journalists, good diplomats, good businessmen, and bankers and so forth, we need to train peo-

ple who are competent in languages and the areas and in the history and politics and economics of foreign countries.

The premises we have based our two foreign centers on are, first of all, it is more effective for students to be trained in the area of the subject of their study. And, second, it is good to have them study alongside—in the case of Europe—European students, in the case of China, the Chinese students—with whom they will then have a network of contacts, will be able to talk a common language and share common ideals for the future.

The Johns Hopkins Bologna Center, now 38 years old, is the only full-time resident American graduate school of international relations in Europe. We offer an interdisciplinary program of studies in international economics, politics, contemporary history, and languages. Classes are conducted in English, and American methods of instruction and academic practices are followed.

Some 30 countries are represented in the student body each year, about 45 percent from Europe, including Eastern Europe, the former Soviet Union; 45 percent from the United States; and 10 percent from Africa, Asia, Latin America, and Canada. This center has provided very special education to current international leaders.

Among our alumni are the Foreign Minister of Austria, fully one-third of the Austrian Foreign Service, scores of ambassadors, businessmen from Italy and elsewhere in Europe, France, England, Germany, many businessmen and women, journalists, national and international civil servants, and academics.

The center has reached out to Eastern Europe, going back as far as the 1970's, when we signed an agreement with the Jagiellonian University in Poland. And we have had students, as well, from Hungary, from Bulgaria, and now, from Prague and the Plekhanov Institute in Moscow.

In the future, the Bologna Center hopes to play the same important catalytic role in bringing Eastern and Western Europe together that it did in uniting Western Europe. In addition to the steady increases in its graduates from Eastern Europe and the former Soviet Union, it plans to use its facilities to provide short-term training in economics, management, diplomacy, journalism, and English for midcareer practitioners.

I have included more details on this in my full statement.

I would like to just finish with a word about the Hopkins Nanjing Center. I have been dean for 14 years. This center was created by an agreement with the Chinese in 1981. Hopkins invested some \$4 million to build a building in 1984. The center opened in 1986, and today it is the only American university presence in the People's Republic of China. This is a facility that has 50 double-bedded rooms, where Chinese and American students room together, talk in their own languages together, eat together, study in classrooms. And it has the only open-stack library in China.

We believe that we are training the future leaders and managing the United States-China relationship. I think the last three major American wars began in China, and this is the important problem for the 21st century.

PREPARED STATEMENT

So, Mr. Chairman, we hope that whether it is through ASHA, or whether it is through some other mechanism, we can have a very modest amount somewhere around \$800,000 to continue this important program in training Americans and Chinese to understand each other.

Thank you very much for this opportunity, Mr. Chairman.
[The statement follows:]

STATEMENT OF GEORGE R. PACKARD

Good afternoon. My name is George Packard and I am dean of The Paul H. Nitze School of Advanced International Studies, perhaps better known as SAIS.

SAIS is a graduate professional school of international relations here in Washington and is a fully integrated graduate division of The Johns Hopkins University. SAIS administers two overseas graduate institutions which have been recipients of funding from the American Schools and Hospitals Abroad (ASHA) program of the Agency of International Development. It is a program we know well and feel strongly about.

We firmly believe that the ASHA program should be continued at something like the \$35 million level recently marked up by the House Foreign Affairs Committee. With few exceptions the program has accomplished exactly what its creators intended: it has funded demonstration projects around the world, reflecting the best of American educational and medical ideas and practices.

In doing so, these overseas institutions have shown others American educational and medical practice, frequently serving as a model to be emulated. They have provided instruction in agriculture, in international relations, in medicine and science, in economics and American politics and more, adding to the educated cadre developing countries need to progress. For the most part, they have taught in English and, along with the language, students have absorbed American cultural traits and values, setting the stage for a lifetime of understanding and cooperation with our country. In addition, these programs have served larger purposes, providing the knowledge and skills necessary for successful market economies and democracy. Moreover, this has been done at remarkably low cost.

Let me illustrate, if I may, with the two examples I know best, the Johns Hopkins Bologna Center in Bologna, Italy and the Johns Hopkins-Nanjing University Center in Nanjing, China. Both have been recipients of modest -- but critical -- ASHA funding.

Founded in 1955 while Europe was recovering from the devastation of World War II, the Johns Hopkins Bologna Center is the only full-time resident American graduate school of international relations in Europe. The Center offers an interdisciplinary program of studies in international economics, politics and contemporary history. Classes are conducted in English and American methods of instruction and academic practices are followed. Some thirty countries are represented in the student body each year: 45% from Europe, including Eastern Europe and the former Soviet Union, 45% from the United States, and 10% from Africa, Asia, Latin America and Canada. Most non-American students receive a diploma after one year of study; nearly all Americans and some non-Americans return to the Nitze School of Advanced International Studies in Washington for a second year to complete a M.A. degree in international relations.

Over the years, the Hopkins Bologna center has exposed nearly 2,000 non-Americans from 80 countries to what we believe is among the best of American graduate education. (A course taken in Bologna is fully transferable to Washington and vice versa.) This is usually a sharp contrast with their previous educational experience which, at the post-secondary level, has most often meant thousands of students at large impersonal universities with few opportunities for meaningful interaction with faculty members, for guided research in specially organized libraries (the Center's library is the largest English language library on the Continent), or for practical language and computer training.

The Center has provided this very special education to a remarkable number of current international leaders. Among its alumni are the Foreign Minister of Austria, fully one-third of the Austrian foreign service, scores of Ambassadors, businessmen and women, journalists, national and international civil servants, and academics. Its impact has been most apparent in Western Europe, where Center graduates have played an important role in the drive

for European unity and today staff many of the European Community's most significant positions in Brussels.

Shortly after the Center's inception, however, the first students arrived from the developing world. To date, 26 Africans, 53 Asians, 44 Latin Americans, and 14 Middle Easterners have received a Bologna Center education, fully 10% of the Center's graduates. They have now assumed important positions in their home countries and abroad.

In 1975, the Center also reached out to Eastern Europe. In that year, the Center signed its first agreement with the Jagiellonian University in Poland, bringing two Polish students to the Bologna Center each year in exchange for a three-week summer program organized for 20 Bologna Center students in Poland. Similar agreements followed with the Hungarian International Culture Institute (1981), the Bulgarian Academy of Science (1989), the Charles University in Prague (1992), and the Plekhanov Institute in Moscow (1992). An earlier agreement with the Humboldt University in Berlin was suspended with German reunification. Thus far 83 students from Eastern Europe and the former Soviet Union have received a Bologna Center diploma.

The Bologna Center hopes to play the same important catalytic role in bringing Eastern and Western Europe together that it did in uniting Western Europe. In addition to the steady increase in its graduates from Eastern Europe and the former Soviet Union, it plans to use its facilities to provide short-term training in economics, management, diplomacy, journalism, and English for mid-career practitioners from these countries.

In bringing together some 150 non-Americans and Americans each year, the Bologna Center has had a profound impact. Many have told us their Bologna experience was the single, most formative event in their lives. Non-Americans learn English well, carrying on class room discussions, writing graduate-level papers, and talking with their classmates. They learn American values, respect for the individual, the concept of fair play, trust in the people to

decide, to name but a few. They come to know a large number of Americans well, and these ties, more often than not, last a lifetime. And, it is not uncommon these days to have Bologna Center graduates on both sides of business and diplomatic negotiating tables.

The Johns Hopkins-Nanjing University Center for Chinese and American Studies, which opened in 1986, is much younger, but has exceptional promise. In a unique joint administrative arrangement with the Nanjing University, the Center offers graduate courses in English taught by American professors in American history, politics, and economics to a highly select, nationwide group of Chinese students from leading Chinese universities and government institutes. An equal number of Westerners, mostly Americans receive comparable graduate-level instruction about China from Nanjing University professors in Mandarin Chinese.

Chinese and Western students room and eat together and have access to a completely uncensored library of books, journals, newspapers and magazines, unique in China. For Chinese, the educational methods, style of classroom instruction, and expectations come as a revelation. The knowledge provided is impossible to obtain elsewhere in China. And, the opportunity to interact in a most intimate setting with a non-Chinese is unique. Here, too, American ideals and values are taught along with excellent English, and we are convinced that we are educating the future managers of the US-China relationship.

That China is presently closed in important ways makes the Center all the more valuable. It is the only place in China where certain types of discussions may be held, certain types of books read, and certain types of films screened. It insists on academic freedom and the respect for ideas and individuals that goes with it. Center graduates are going on to significant positions in business, government, journalism, and the academe. The future leadership they will provide will be invaluable to both China and the United States.

ASHA funding for these two programs has been modest, but absolutely essential for, in the Hopkins tradition, these Centers are financially self-supporting. This year's ASHA grant of \$250,000 to the Bologna Center represents only 8% of the current Bologna Center budget, but it is critical in assuring comparable funding from the Italian government and the continued excellence of the Center's academic program and library. This year's grant of \$300,000 to the Hopkins-Nanjing Center represents slightly more than 15% of the Center's budget. But it, too, is critical because it represents official government support in the eyes of the Chinese and assures continued academic and library excellence. This is a remarkably small investment for such a large potential payoff.

We are doing our level best to reduce our dependence on ASHA. Three years ago we launched a \$10 million endowment drive for the Bologna center, and we have already been successful in receiving gifts or pledges for one-half that amount. Similarly, we are embarked on a long-term \$25 million endowment for Hopkins-Nanjing Center and have already been successful in raising \$2.5 million. But until those endowments are in place, continued ASHA support is absolutely essential.

In conclusion, let me recall ASHA's proud history of building and supporting schools and hospitals around the world which have demonstrated the very best of American practice while training thousands of future leaders, particularly in the developing world. It has done this in a reasonably fair and impartial way, using an open application process and impartial review panels in making its grant determinations. And, it has done this at remarkably little cost, roughly one-ten thousandth of recent defense budgets. The program has not been completely without problems, but I believe these have been overcome; in FY 1992, for example, only 12% of all ASHA grants were Israel-related.

The program has had enormous impact. Recently a group of prominent individuals from the developing world were asked which of

all the programs AID sponsors were the most valuable. Their answer, without exception, was clear and unequivocal: ASHA and IMET (military training in the United States). Speaking on behalf of many ASHA recipients and the tens of thousands who have benefitted over the years, I urge you to include ASHA program funding at the \$35 million level in your FY 1994 appropriation.

Thank you very much for the opportunity to testify before you today.

Senator LEAHY. Thank you.

I think that you have one of the most interesting programs. In some ways I envy your ability to deal with that on a full-time basis. It must also be one of the most frustrating programs at times.

Mr. PACKARD. In China we have had some problems. We have insisted on freedom of access to any book that we want to put in the library. And we have found that there was one book the Chinese side did not like, and it disappeared, and we sent a fax saying if that book is not back on the shelf in 24 hours, we are out of there. Johns Hopkins is out of China. And mysteriously the book reappeared on the shelf.

Senator LEAHY. That is interesting.

Mr. PACKARD. So we have held our ground pretty well.

Senator LEAHY. You say which book you want, and they go along with that?

Mr. PACKARD. Absolutely.

Senator LEAHY. Do they ever try to dissuade you from some?

Mr. PACKARD. There are some books they like better than others. But we have Time and Newsweek and the International Herald Tribune and books by people that they consider democratic scum and so forth, people who were purged in the cultural revolution. And those books are available to our American and Chinese students. And we have people coming to Nanjing from Beijing to get their hands on these books, because they are not available elsewhere in the country.

So we feel we are somewhat revolutionary in bringing American ideas to this closed society.

Senator LEAHY. Well, I guess you are.

China, itself, has changed to some extent in the last 15 to 20 years, but it still has a long way to go to be considered an open society.

Mr. PACKARD. That is true.

Senator LEAHY. And I commend you for that. And I commend you for sticking to it. Because, my limited experience on these things with the Chinese has been, you know, push a bit, and if you give a bit, then after that book disappeared there would be others.

Mr. PACKARD. Exactly. We take President Kennedy's view that a trip of 1,000 miles starts with this particular first step.

Senator LEAHY. A saying which probably began with Ted Sorenson. [Laughter.]

SUBCOMMITTEE RECESS

I agree with you, though, on the principle. I absolutely agree with you.

Gentlemen, thank you very much for being here.

The subcommittee will stand in recess until 2:30 p.m., Wednesday, June 30, when we will hear from Ambassador Warren Zimmerman, Bureau for Refugee Programs, the Department of State.

[Whereupon, at 5:25 p.m., Tuesday, June 15, the subcommittee was recessed, to reconvene at 2:30 p.m., Wednesday, June 30.]

Material Submitted Subsequent to Conclusion of Hearing

[CLERK'S NOTE.—The following statements were received subsequent to conclusion of hearing. The statements will be inserted in the record at this point.]

(489)

**STATEMENT OF LYNN A. GRENWALT, VICE PRESIDENT FOR
INTERNATIONAL AFFAIRS, THE NATIONAL WILDLIFE FEDERATION**

Dear Mr. Chairman,

The National Wildlife Federation endorses the testimony offered to you on the 15th of this month by the Environmental Defense Fund, and we recommend the testimony of Friends of the Earth to your attention. We also endorse the testimony of the Sierra Club as it relates to the United Nations Development Program (UNDP), and we submit an updated version of pages of the Sierra Club's March 1 testimony to the House Foreign Operations Subcommittee regarding the ITTO (attached as appendix A). We submit as appendix B the minutes of a meeting held between NGOs and from developing countries and deputies of the International Development Association (IDA) of the World Bank. These complement the testimony put forward by the Environmental Defense Fund on the IDA replenishment.

We would like to add some observations and recommendations in three areas: the Global Environment Facility (GEF), the International Operations and Programs Account, and population.

The GEF

We would refer you to the previous testimony of Barbara J. Bramble (appendix C) with one additional recommendation: that the U.S. contribution also be conditioned upon the establishment of a Secretariat for the GEF that is independent of the Implementing Agencies. Aside from resolving many of our long-standing reservations about the general operations of the GEF, a move to establish an independent secretariat is consistent with the call by several governments for an exploration of possible alternative funding mechanisms for the UNCED agreements on Biodiversity and Climate Change. For a discussion of the drawbacks of the GEF as it currently operates in the funding of biodiversity conservation, we recommend to your attention the report The GEF and Biodiversity Conservation: Lessons to Date and Recommendations for Future Action prepared by Conservation International (appendix D).

International Operations and Programs Account

We would like to recommend increases in the appropriations for several organizations, and a conditioned appropriation at last year's level for one program, the ITTO. Our requests for increases or for funding levels to be maintained at the level of the Administration's budget request are outlined in the table below:

Organization	Request	Rationale
UNDP	\$127 m.	Serves coordinating function of UNDP within U.N. system; U.S. should support new Administrator by appropriating full requested amount.
UNEP	\$25 m.	UNEP is underfunded in view of its mandate; telecommunications needs.
IUCN	\$2.8 m.	Cost-effectiveness in institution building, extension and research; new initiatives.

Organization	Request	Rationale
CITES	\$1.23 M.	Importance of CITES in maintaining biodiversity; chronic underfunding; need to avoid it being compromised by self-interested funders.
World Heritage	\$650,000	Effectiveness in winning protected status for natural and cultural monuments world wide.
ITTO	no change	Increased oversight of ITTO is needed to ensure that it fulfills its stated purposes.

A few words on the requested increase for IUCN are in order: the National Wildlife Federation supports IUCN's proposal for a "Global Initiative for National Environmental Funds". It begins with the creation of a core fund of \$15 m. to be used in setting up national endowments for environmental protection. IUCN would administer the multilateral fund through an International Coordinating Committee. The advantages conferred by the national-level funds would include: decentralization of environmental financing (relative to institutions such as the GEF and the World Bank); stabilization of financing for long-term ecosystem and biological diversity conservation work; the advancement of cooperation in these matters among governments, NGOs and the private sector; promoting national and regional conservation priorities in a coordinated way; and linking the preservation of ecosystems with poverty alleviation in the course of sustainable development. We submit for your attention a draft discussion document prepared by IUCN on the Initiative (attached as appendix E).

Population

NWF views population -- both in terms of growth and migration, as well as human interaction with natural resources -- as a critical component of sustainable development. Counselor Tim Wirth recently announced at the Second Preparatory Committee Meeting for the 1994 International Conference on Population and Development, the U.S. commitment to developing a more comprehensive approach to international population issues.

NWF would like to reiterate Counselor Wirth's policy recommendations which focus on program integration for a more effective population policy effort, one that is founded in human rights.

This means not only a continued emphasis on voluntary family planning, but programs that put increased emphasis on reproductive health care and primary health care (with an focus on child survival). Other key elements should include programs to support the empowerment of women -- including equalizing girls' education and boys', and targeting economic development for women -- because they are the core laborers of many societies. And of course, population must be addressed within the context of natural resource management.

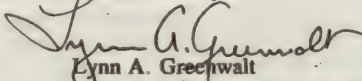
For FY 1994, NWF recommends an overall total of \$725 million for international population assistance. The absolute unmet need for voluntary family planning grows even as the proportion of couples using it expands. We also recommend the funding levels reflected in Senator Bingaman's bill (S1096) which includes \$350 million for girls' education, \$405 million for child survival and at least

\$100 million for a safe motherhood initiative. By investing adequately now in child survival, and in women's status, education and access to health and family planning services we can achieve population stabilization at least cost. Delay will only ensure greater costs later.

Mr. Chairman, NWF recognizes your continued efforts to increase funds for population, and we applaud you for your determination. We also recognize that in order to reach the Year 2000 worldwide funding goal for population activities that is set out in the Amsterdam Declaration; \$9 billion annually, the U.S. would need to appropriate more than \$200 million over the President's budget request. We know you understand how important population funding is to the future habitability of our planet. We hope you will remind members of the Subcommittee and of the Senate that the total funds needed from all nations to fully fund population activities at the Amsterdam level would still amount to only one percent of current spending on armaments and preparations for war.

Finally, concerning the United Nations Population Fund (UNFPA), the House Foreign Operations Appropriations Subcommittee recommends funding of \$36 million, and we urge you to at least match this. Again, we appreciate your previous support or UNFPA.

Yours Sincerely,



Lynn A. Greenwalt
Vice President for International Affairs

c: Sen. McConnell

Enclosures:

[Clerks's note. Due to the their volume, the following appendices have been retained in subcommittee files.]

- A. International Tropical Timber Organization and Agreement - updated testimony of the Sierra Club. Annex: Broadening the Scope of the International Tropical Timber Agreement to Encompass Timber Agreement to Encompass Timber from All Types of Forests: a Rationale for U.S. support.
- B. Meeting between IDA Deputies, Executive Directors, and NGOs: September 16, 1992. (Minutes)
- C. Statement of Barbara J. Bramble before the Subcommittee on International Development, Finance, Trade and Monetary Policy of the Banking and Urban Affairs Committee of the U.S. House of Representatives.
- D. The GEF and Biodiversity Conservation: Lessons to Date and Recommendations for Future Action, Russel Mittermeier and Ian Bowles.
- E. IUCN Draft Discussion Paper: Global Initiative for National Environmental Funds.

International Tropical Timber Organization and Agreement - updated testimony of the Sierra Club, supported by NWF.

The Sierra Club endorses testimony on the international financial institutions presented separately by the Environmental Defense Fund and World Wildlife Fund.

Although we have not testified on the International Tropical Timber Organization (ITTO) before, the organization and the agreement that establishes it, as well as the U.S. position and role in both, is of growing interest and concern. The views expressed herein on the ITTO are also endorsed by the National Wildlife Federation and the Friends of the Earth, U.S.

Established in 1983, two critical objectives of the 50 member agreement are: "to promote the expansion and diversification of international trade in tropical timber and the improvement of structural conditions in the tropical timber market," and "to encourage the development of national policies aimed at sustainable utilization and conservation of tropical forests and their genetic resources, and at maintaining the ecological balance in the regions concerned."¹ So far it has achieved neither.

Background -- The UNCED Forest Principles

In order to understand the international context in which the International Tropical Timber Organization exists, we must refer to one of several key documents which emerged from the United Nations Conference on Environment and Development (UNCED) in Rio, known as the "Earth Summit." The document is the Forest Principles, known in full as the "Non-legally binding authoritative statement of principles for a global consensus on the management, conservation, and sustainable development of all types of forests."

In the Forest Principles, two key elements stand out amongst the rest. These are that the Forest Principles represent a "first global consensus on forests," and that they "should apply to all types of forests."² Although these points seem fairly obvious, negotiation of the Forest Principles was amongst the most contentious efforts of the Rio Earth Summit. Their conclusion yielded a strong consensus that in the future, international agreements and institutions addressing forests should include all forest types. There must be no double standards. We believe that all international agreements and institutional arrangements relating to forests should be examined for appropriateness of the inclusion of all forest types.

However, in spite of the important precedent and building block that these Principles represented, and interest in a future Global Forests Convention amongst some parties, no schedule was adopted for further international dialogue or action on the Principles or a Global Forest Convention. This was in sharp contrast to the other major agreements adopted; the Climate Change Convention, and the Convention on Biological Diversity.

¹ International Tropical Timber Agreement, 1983. (p.8)

² United Nations Conference on Environment and Development. Rio de Janeiro, 3-14 June 1992. "non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests" A/CONF.151/6/Rev.1.

Environmentalists Review the International Tropical Timber Organization

In September, 1992 several environmental organizations concluded a lengthy, collaborative review of the ITTO's performance in the five years it has been operating³. We can unambiguously state here that the consensus of environmental groups worldwide is that the ITTO has thus far been ineffectual in its efforts to regulate or improve the tropical timber trade, to identify and fund high quality timber management or trade-related projects, or to effect changes in critical trade, pricing, tariff and timber management policies. Excerpts from a recent World Wildlife Fund letter to the lead U.S. negotiator for the U.S. at the ITTO aptly summarize the widely held concerns: "At the policy level, the ITTO has not been successful in transplanting its guidelines and commitments into improvements in tropical forest management on the ground. No member country has made a genuine and demonstrable commitment to apply and implement the guidelines for sustainable timber management at the national level despite a Council decision in May 1990 that member countries should do so. Generally speaking, it is difficult to point to policy changes in producing or consuming ITTO member countries that have come about due to the influence of ITTO. "

"ITTO's goal in supporting field projects has been to contribute in some way to fostering improvements in sustainable forest management. Unfortunately, ITTO projects are of very uneven quality and are so numerous that the organization's capacity to review, manage, and evaluate them is overstretched. Social and environmental aspects of tropical forest management have not been properly addressed. Environmental Impact Assessments and pre-project appraisals have not been carried out, and the approval of projects by the Council has often been done on political, rather than technical grounds.

Trade-related issues are vital for producing countries and are of far greater importance than project funding. ITTO's role in trade must be to improve the trade in timber produced under sustainable forest management practices. Unfortunately, ITTO has not acted on its role as a commodity agreement to address how trade issues such as tariff barriers, timber pricing, and value-added processing can be brought to bear on this question. In addition, reporting by members - whether concerning supply of timber products from producers or demand for timber from consumers -- has been fragmentary at best and the ITTO lacks the ability to apply sanctions or incentives to encourage improved reporting." ⁴

Although, as noted by WWF, the ITTO's inability to apply sanctions or incentives to encourage improved reporting in the ITTO is of concern indeed, the real crime is that ITTO has taken no measures to ensure that the international trade in tropical timbers moves toward trade in timber from **sustainably managed forests only**.

In 1990, the ITTO adopted something called "Target 2000," which holds that by 2000, all trade in tropical timbers by ITTO member countries should come from sustainably managed forests. The U.S. was the only ITTO member to oppose the 2000 target date and "expressed reservation about being held accountable for adhering to the time frame."⁵

³ 22 September 1992. Sierra Club and Friends of the Earth, U.K. Conclusion and Recommendations on the International Tropical Timber Organization.

⁴ October 21, 1992. World Wildlife Fund. Letter from Matt Perl to Milton Drucker.

⁵ World Wildlife Fund. May 23 press release, Indonesia.

However, since 1990 there have been absolutely no serious attempts by the ITTO, or the member countries, to impose restrictions, adopt incentives or initiate other meaningful measures to ensure that the ITTO and its member countries would actually achieve this goal.⁶ Voluntary reporting on progress toward Target 2000 has been extremely slim, and no countries have announced and adopted action plans. The U.S. government has yet to clearly state its commitment to this target date or to deliver its action plan to meet it, although attention to Target 2000's importance has been on the rise.

Nevertheless, with as much as 25% of all tropical forest loss directly related to logging, according to some experts⁷, and less than 1% of the trade in tropical timber originating from sustainably managed forests as of 1990⁸, there is absolutely no time to waste. The foot dragging and negligible real progress toward this target date, which most regard anyway as "too little, too late" to affect most of the remaining vast tracts of relatively intact tropical forests, has caused many groups, including the Sierra Club, to conclude that without binding targets and timetables, required reporting and solid enforcement measures, the "Target 2000" amounts to little more than a public relations ploy.

Please remember: in 1992 the United Nations Food and Agriculture Organization updated its global deforestation rates, and found that between 40 to 50 million acres of forests were being damaged or destroyed each year. This is an area roughly equivalent to Washington State. In addition, deforestation rates in individual countries have been on the rise, and many formerly tropical timber exporting countries have become net importers of timber, due to the depletion of the bulk of their productive forests. This trend is expected to continue.

Renegotiation of the International Tropical Timber Agreement

The renegotiation of the 1983 International Tropical Timber Agreement (ITTA, hereafter "the agreement") is underway, and once adopted is expected to be in effect for ten years. Two informal negotiating sessions have occurred since September, 1992; the first formal session was held in April and the second is scheduled for June 21-25.

While originally expected to conclude by June, 1993, it is now possible that negotiations may stretch until next year. The primary reason for the potential delay is the radically differing positions of the "producer" and "consumer" caucuses.

ITTO "producer" countries (those from the tropics, even though they may be net importers of tropical timber) argue that the scope of the ITTA should be broadened. As a commodity agreement, they say, the ITTO must incorporate all timbers traded internationally. This position was adopted formally by the ITTO producer caucus in Quito, Ecuador in late January. The "consumer" caucus, led by the United States, strongly disagree. The Sierra Club, Friends of the Earth, National Wildlife Federation as well as the Environmental Defense Fund, Greenpeace International and the World

⁶ While it is commendable that the ITTO developed several sets of guidelines for sustainable forest management, an ITTO member country has yet to adopt any of these guidelines, or implement them in national legislation. Furthermore, environmental groups find these guidelines severely skewed toward "sustained yield" timber production rather than sustainable management of forests for a variety of purposes, including timber production as well as the maintenance of environmental services, biological and genetic diversity.

⁷ Norman Meyers, British ecologist, personal communication.

⁸ Duncan Poore, *No Timber Without Trees*, ITTO, 1990.

Wildlife Fund side with the producer countries. The ITTA must include all timbers. In brief, there are at least five reasons that the ITTA must include all timbers:

1. To eliminate an unfair double standard.
2. To increase the potential for the ITTO to effectively address fundamental timber trade issues, and to minimize differences in standards and practices.
3. To generate a much wider debate in temperate countries over sustainability standards.
4. To bring the huge temperate timber trade under some sort of international regime, and to encourage it to meet standards of sustainability.
5. To continue progress in the broader arena of global forest policy making.

In addition, the ITTA is the only U.N. commodity agreement that excludes a portion of the commodity in question based on its regional origin. This flies in the face of other international agreements, such as the UNCED Forest Principles, as we mentioned earlier, the UNCED Agenda 21 (covering all forest types), and the General Agreement on Tariffs and Trade (GATT), which currently disallows exclusive or discriminatory treatment of products based on their region of origin. Annex I contains a detailed examination of these and other issues relating to the expansion of the ITTA.

Clinton Administration

Our organizations have worked diligently with the U.S. delegation to the ITTO to make our views known. Written comments were submitted in September, 1992, and our positions have not changed since then. Our organizations will continue to express our views to and work closely with the Clinton Administration. While the Clinton Administration's position on the renegotiations is still not fully clear, we do highlight President Clinton's commitment in his recently released Economic Package to "address more coherently the many challenges posed by the degradation of the global environment, through strong support for international agreements and programs to protect that environment." (p. 68) President Clinton has pledged to build a "new approach to global environmental problems," and we are hopeful that renegotiation of the ITTA will be one of the first places that he and his team begin.

Recommendations for the Committee

In view of our close examination of the ITTO's performance, and consistent with our expressed views to the U.S. government elsewhere, we would like to recommend that the following broad conditions be attached to Congressional appropriations for U.S. participation in the ITTO:

1. The agreement must cover all types of timber traded internationally, including temperate, tropical, boreal and austral woods.
2. The agreement's primary focus should be trade-related commodity issues, such as ensuring market transparency, the internalization of costs (including social and environmental costs), prices, domestic wood processing, and technology transfers.

3. The agreement should contain targets and timetables, and enforcement measures, to transform the current international timber trade into trade in timber from sustainably managed forests only. Key elements of such a program should include: timber labelling, a system for further defining, identifying and providing incentives for timber produced from sustainably managed forests, differential tariffs, and endorsement of the use of sanctions as enforcement measures under the agreement, if needed. The ITTO's "Target 2000" should be added to the agreement, but only if accompanied by solid measures to achieve it.
4. The agreement should significantly reduce the ITTO's project identifying and funding activities. For those few ITTO projects that remain, Environmental Impact Assessments must be required, while research projects related directly to trade policy development, and institutional strengthening of timber trade information gathering capacities receive priority.

In addition, immediately prior to President Bush's departure from office, \$2 million in new funding for U.S. participation in the ITTO was appropriated. In light of this additional funding, the ITTO's past poor performance, and the altered scope for the ITTO which is advised herein, we recommend increased Committee scrutiny of the U.S. participation in the ITTO.

We recommend that the Committee request six month and one year reports on the U.S. progress in the ITTO in achieving implementation of the four key reform elements outlined above. We also recommend that the Committee request for its use an annual report on the international timber trade, including summarized information forest cover (original and second growth), and country-by-country progress toward harvesting only timber produced from sustainably managed forests. The role of international institutions and agreements such as the United Nations, the World Bank, the International Monetary Fund, the General Agreement on Tariffs and Trade, the Biological Diversity Convention and the Convention on International Trade in Endangered Species to support and encourage the transition to a timber trade from sustainable sources only could also be examined.

**STATEMENT OF CYNTHIA M. PELAK,
(Returned Peace Corps Volunteer)**

My name is Cynthia Pelak, and I am a Returned Peace Corps Volunteer who served in Zaire from 1984 to 1987. I am speaking as a former Peace Corps Volunteer and the President of a national Returned Peace Corps Volunteer group with over 400 members.

I submit this testimony in favor of including FY 1994 funds for the Peace Corps to include the cost of abortions for the thousands of women who are currently serving their country as Peace Corps Volunteers and for the hundreds of others who will begin their service in 1994. As you are aware, the current policy of the Peace Corps permits only temporary medical separation and air travel expenses for female Peace Corps Volunteer

who become pregnant during their term of service and who seek an abortion. A woman must pay all medical costs of the abortion procedure and the likely exorbitant costs of traveling from remote areas in the world to a U.S. medical facility which are not covered by the Peace Corps travel allowance. As you should also be aware, a woman who does not terminate her pregnancy, regardless of her marital status, will be automatically medically separated from the Peace Corps and thus will be forced to forego all benefits due to volunteers serving their full term.

I am urging the committee to include the funds in this budget for the medical cost of abortions because it is simply unjust to do anything less. The Peace Corps covers all other medical costs of women and men serving as volunteers. I see only unethical political reasons for this denial of a most basic health care service. The number of female volunteers serving in the Peace Corps is approximately 3,500. The total number of women seeking abortions during their service is small. It would be unconscionable to continue this discrimination against women based on a financial argument.

As a Peace Corps Volunteer I earned \$125/month serving as a Fisheries Extension Agent in a rural village in central Zaire. It took me on average three to four travel days to reach the Peace Corps medical facility assuming that all went as planned which, I must add, is hardly ever the case in third world countries. Volunteers often spent up to three days merely trying to talk with the medical officer in Kinshasa from the regional capitol. Due to the means of communication in Zaire it was nearly impossible to keep any medical concern private. I give you this background to set the stage of the unique circumstances in the life of a typical Peace Corps Volunteer. Given these logistical factors it is easy to recognize that a Peace Corps Volunteer who thinks she is pregnant faces a great number of obstacles in seeking and obtaining medical care.

One of the most obvious problems facing a woman is the cost of the abortion. If a woman does not have the funds to cover the procedure it may mean delaying the abortion which would, in turn, mean both increased costs and risks. Volunteers are given

a stipend in the currency of the host country to cover all living expenses except medical. Since volunteers are not allowed to work for additional funds they are dependent on their stipend. At \$125/month it would have taken me quite some time to come up with several hundred dollars to pay for an abortion if I had needed one. Even if a woman has family with the financial means to pay the cost of the abortion, she usually can not share this personal decision with them for one reason or another. In addition to the financial burden, a woman is burdened again by having to travel alone, without her husband or partner, to a foreign city and search out medical services. In the case of rape the situation again becomes even more complicated.

Currently the Peace Corps is working to recruit a diverse volunteer corps to include individuals from different economic backgrounds. Adding this funding will assist in achieving that goal. Given the extremely difficult situations Peace Corps faces, it does an excellent job in making sure volunteers receive the best and quickest medical attention if necessary, but the job becomes that much more difficult if the political policy of restricting full medical coverage for abortions remains intact.

It is sadly ironic that U.S. women travel all over the world serving their country to assist in development efforts such as increasing health care access yet face the same unjust reproductive rights policies as their third world sisters. Both are left in dangerous and humiliating situations. I urge you to include funding in FY 1994 for abortion services for Peace Corps Volunteers and put an end to the discrimination.

I thank you for the opportunity to present this testimony.

STATEMENT OF RICHARD A. HELLMAN, PRESIDENT AND DIRECTOR, THE U.S. COMMITTEE FOR THE UNITED NATIONS ENVIRONMENT PROGRAMME

Mr. Chairman and members of the committee, I am Richard A. Hellman, President and a Director of the U.S. Committee for the United Nations Environment Programme (US/UNEP). I am also an attorney in private practice in Washington, D.C. US/UNEP aims to make UNEP as well-known, positively regarded, and fully supported proportionately in the U.S. as, for example, such older and longer-established organizations as UNICEF.

I am here today to express our support for increased funding for UNEP and for an increased U.S. role in international environmental issues generally. I served as chief minority counsel on the staff of the U.S. Senate Committee on the Environment and Public Works in the mid-1970's and understand well the competing pressures which you face in determining funding levels for various programs.

I believe there are five points your Committee should factor into its recommendation for UNEP funding levels and support for international environmental action. First, environmental problems are becoming an increasing threat to our health and well-being; second, environmental problems are by their nature international in scope and do not stop at national boundaries; third, given the international nature of environmental problems, their solutions also must be international; fourth, if international efforts are to be successful, the U.S. must be a leader, not a reluctant follower or obstructionist; and fifth, UNEP, as an organization, has performed an invaluable role thus far, has avoided most of the politicization and bureaucratization often typical of U.N. agencies, and has the potential to make a still greater contribution to solving the growing environmental concerns facing us, if it is adequately supported.

The world has undergone a geopolitical upheaval in the past few years that ended the East-West conflict successfully and hopefully is ushering in an era of relative peace and stability. Mr. Chairman and Senators: you have played a major role in the strategy that ensured America's success and you well understand that leadership requires commitment, understanding, and action. And perhaps more importantly, you realize that if we do not lead, others will.

Now the United States and the world at large face a set of environmental challenges that threatens the health and prosperity of people and nations. It is becoming clear that not only will environmental concerns be a dominant issue over the next decade and beyond, but that environmental problems are uniquely international in nature. One need

only look at the Persian Gulf oil slicks, the losses of rainforests in Latin America and Asia, and changes in the world's common atmosphere, especially the protective ozone layer. These threats are so great and so universal that no one country -- or even a limited group of nations -- can hope to confront them alone. They compel us to act together.

As you recall, UNEP was created as a consequence of the 1972 U.N. Conference on the Human Environment in Stockholm to coordinate the environmental activities of the U.N. UNEP's role has been to define the dimensions of environmental problems, map their scope, and develop regional and multilateral mechanisms involving governments, industry, academia, and individuals to address these concerns. It is neither an environmental bank nor an executing agency. While it employs only some 250 professionals, it is involved in over 400 projects focused in six major areas:

- Atmospheric issues - global warming, ozone depletion, and acid rain
- Fresh water
- Oceans and coastal areas - pollution and coastal zone management
- Land degradation - desertification and deforestation
- Loss of biological diversity - endangered species
- Hazardous waste and toxic chemicals

In 1992 world leaders adopted Agenda 21, an ambitious program for action, at the U.N. Conference on Environment and Development in Rio de Janeiro, Brazil. I was pleased to be able to participate on behalf of US/UNEP and as an official non-governmental advisor to the U.S. delegation. For this Earth Summit, UNEP was asked by the governments convening there to coordinate preparations in 17 specific program areas.

UNEP also was the lead agency for the intergovernmental negotiations that led to the precedent-setting Convention on Biodiversity.

I am pleased that, as we and others urged, the U.S. now has joined 161 other countries in signing the Biodiversity Convention, for which UNEP furnishes the Interim Secretariat.

In 1991-92, UNEP worked closely with the World Meteorological Organization to lay the groundwork for a global assessment of climate change through the Intergovernmental Panel on Climate Change (IPCC). The IPCC provided the analytical basis for the Framework Convention on Climate Change signed in Rio.

As the Secretariat for the Vienna Convention on Ozone Depletion and the Montreal Protocol thereto, UNEP convened a meeting in Copenhagen in December 1992 that accelerated the phaseout of ozone-depleting substances in response to a worldwide appreciation of the growing severity of the threat.

To arrest the growing problems resulting from the generation and movement of hazardous wastes, UNEP facilitated the process leading to the Basel Convention on the Control of Transboundary Movement of Hazardous Wastes and their Disposal. This convention went into force in 1992 upon ratification by 21 countries including the U.S.

In 1992 UNEP's Industry and Environment Program Activity Center played a leading role in promoting low-waste technologies and their application in developing countries. A computer-based information exchange -- the International Cleaner Production Information Clearinghouse -- is now operational. The program provides assistance to developing countries' industries in meeting their commitments under the Climate Change Convention and the Montreal Protocol on Ozone.

UNEP is one of the three partners, with the World Bank and the UNDP, which manage the Global Environment Facility (GEF), that provides incremental resources to limit emissions of greenhouse gases, preserve biodiversity, protect international waters, and safeguard the ozone layer..

UNEP's role is to ensure compliance with applicable international environmental agreements, policies, and priorities, and to provide scientific expertise. It also functions as the Secretariat of the GEF's Scientific and Technical Advisory Panel.

In a major leadership change, UNEP received a new Executive Director in 1992. Dr. Mostafa Tolba retired as Executive Director of UNEP in December 1992 after 17 years of service. The new Executive Director is Ms. Elizabeth Dowdeswell of Canada, former Assistant Deputy Minister of Environment Canada and head of the Atmospheric Environment Service there. Ms. Dowdeswell also has been named to head Habitat, the U.N. Centre for the Urban Environment. She already has committed UNEP and Habitat to revitalized management, solid professionalism, and results-oriented plans and budgets, so we are expecting exciting results in the near future.

UNEP currently provides the Secretariat for each of five major global environmental conventions and manages 44 trust funds, including six for such regional seas programs as the Caribbean.

In its relatively short lifetime, UNEP has made a real difference in the world's understanding of and approach to environmental problems. It also has managed to make this difference while avoiding the diverting politicization and stifling bureaucratization that sometimes have marked U.N. programs.

There are several current trends in U.S. policy which affect UNEP and its support directly. The U.S. foreign aid program is shrinking, in part because its traditional mission is changing and requires redefinition for this new era, but also because domestic needs have become so overwhelming.

Concurrently, the need to support multilateral mechanisms like UNEP so as to leverage our dollars, while hopefully maintaining our influence, has grown. Environmental concerns have become one of the most

important international issues about which people care and in which people think government should play a meaningful role. UNEP has the potential to play a very meaningful role as these trends develop and intersect.

UNEP's chance to meet its potential and accomplish its mission lies -- as it historically always has -- in the hands of such national bodies as the Congress and particularly this subcommittee. UNEP's mandate already is significantly mismatched with its capacity. Under your able leadership, Mr. Chairman, UNEP's Appropriations for FY 1993 increased to \$21 million in a particularly harsh political environment. The growing agenda of critical needs which UNEP must address clearly warrants a U.S. investment of no less than \$30 million for FY 1994.

The question we face is really one of leadership. Little more than a year ago we were discussing whether the President even would attend the Rio Earth Summit on the Environment and Development; then whether U.S. positions at that conference would reflect honorably upon the very real U.S. national record of achievement and promise in the field of environmental action. Sadly, we faltered without good reason at Rio and came up lame.

Now I believe the potential for international cooperation in meeting the challenges of the global environment must be recognized in the same way that the benefits of an international approach to global security have been recognized. The nations of the world today face a common threat from environmental degradation and an international solution is no less in the American interest in this case than it is in the Middle East or Eastern Europe.

The challenge for the U.S. and the international community is to reconcile the sovereignty of nations with the sovereignty of nature. UNEP provides an institutional mechanism and the potential for such a reconciliation at the international level. It deserves our increasingly full

support: politically, administratively, and financially. Very frankly, Mr. Chairman, as a nation we must put our money -- and our political muscle -- where our mouth is, on international environmental matters as with some other overdue and lagging priorities. I feel sure that you and your colleagues understand this clearly and will do the right thing. Relative to other budget items with which you will deal, \$30 million is not a large amount of money, but, rest assured, it will be well-spent and it literally will make a world of difference in all of our lives and those of future generations.

I am most grateful for this opportunity to appear before you and will be pleased to answer any questions you may have.

STATEMENT OF THE SCHILLER INSTITUTE

The Schiller Institute advocates the immediate cessation of all funding to the National Endowment of Democracy and its adjuncts, and urges the immediate cessation of all funding for "democracy" projects or any funding of any Non-Governmental Organizations operating in foreign countries by the Agency for International Development. In the case of the NED, the Endowment should be dismantled and the semi-official status of its various allied agencies returned to their purely private function. In the case of AID, funds should be strictly limited to projects involving development of the physical economy--irrigation, road-building, etc.

The policy of Project Democracy, of which both the AID and the National Endowment for Democracy, are the centers, is a hoax. This fact is understood throughout the world today, everywhere but Washington.

On June 13, in Vienna, Austria, the United States suffered a humiliation in foreign policy on this count, at the United Nations World Human Rights Conference. Attempting to speak before 1000 people gathered from Non-Governmental Organizations (NGOs), Jimmy Carter, a former President of the United States and crusader for democracy in and out of office, was literally

heckled off the floor, unable to complete his speech. The incident signals that the foreign policy carried out by the United States under the rubric of Project Democracy, has no credibility anywhere in the world today.

And why should it? Is it not contradictory, to say the least, that the United States is determined to impose democracy on countries in Africa, even to the point of withholding aid to nations suffering the worst drought of the century, yet grants Most Favored Nation status to the communist government of the People's Republic of China, one of the most murderous regimes to blight the planet in this century?

In countries around the world, the United States Project Democracy apparatus, through which the United States carries out foreign policy to foster democracy in other countries, is seen as merely yet another way to interfere in the internal affairs of other nations. In most cases, the targeted nations are allies of the United States who have committed no crime against U.S. strategic interests. To our allied governments, particularly in the developing sector, the Project Democracy campaigns are viewed merely as an extension of operations of the U.S. Central Intelligence Agency. The classic "CIA coup" has merely been replaced by elections forced by Washington, to pave the way for opposition forces, who are often the recipients of Project Democracy financial largesse, to come to power. No one in the developing countries has any illusion that "democracy" is the real goal of this policy.

Even more dangerous is the damage wrought by the Project Democracy apparatus upon our own democracy. As was thoroughly documented by the Tower Commission inquiry into the Iran-Contra affair, the entire array of illegal activities carried out through Oliver North's position in the National Security Council ran through the Project Democracy apparatus. Agencies directly related to Project Democracy and the National Endowment for Democracy turned up on Oliver North's own flowchart of the Iran-Contra far-flung network. These include:

* National Endowment for the Preservation of Liberty (NEPL) which received illegal flows of funds from the National Security

Council, but which in turn financed Prodemca, a direct recipient of funds from the National Endowment for Democracy.

- * The North-South Institute--a recipient of funds from the National Endowment of Democracy. The Institute's personnel was synonymous with those of the International Business Communications, which was the primary shell used by North's NSC to fund the Contras and fund their arms suppliers.

- * Gulf and Caribbean Foundation--Aside from its presence in North's flowchart, the Foundation sponsored a 1984 "fact-finding" trip to Central America for Elie Wiesel and Michael Ledeen. Upon their return, Ledeen wrote a tract, The Future of the Democratic Revolution, which became a propagandizing tract for Project Democracy.

In short, the "Project Democracy" apparatus of Oliver North et al., and the apparatus spawned around the National Endowment for Democracy are one and the same network. Project Democracy was designed and set into place, not only to circumvent the governments of other nations, but also circumvent our own constitutional government and separation of powers as defined by that Constitution. It is the "democratic face" of the "invisible government."

- The NED affiliates -

Other organizations prominently associated with the National Endowment for Democracy include:

- * The American Institute for Free Labor Development (AIFLD) and the AFL-CIO's related Asia branch AAFLI. Since 1983, this AFL-CIO (some call it the AFL-CIA) has received about two-thirds of its funding from the National Endowment for Democracy. For a glimpse of its operations, see the case study on Thailand below.

- * The Center for International Private Enterprise. Contrary to the word "private" in its name, the Center is self-described as the "business representative" of the National Endowment for Democracy, a government agency. It conduits libertarian and free trade projects internationally, especially for the so-called "informal sector"--that is, the drug-based criminalized sector of the economy.

* The Free Trade Union Institute. The Institute is a conduit of NED funds into AIFLD, et al. The Institute is a subsidiary of the Bukharinite networks of Jay Lovestone and the AFL-CIO International Department. According to executive director Eugenia Kemble, many of the NED programs run through the Institute are "sensitive," and a "number of projects we are funding where recipients would either be endangered or embarrassed if specific budgets were published or announced."

* The National Republican Institute of International Affairs was founded in 1983 as a Republican Party conduit for NED funds to private forces in foreign countries.

* The National Democratic Institute for International Affairs serves the same purpose for the Democratic Party.

* Project Democracy-Central America (Prodemca)--This is an overtly funded arm of the National Endowment for Democracy. Prodemca also received funds for operations from Oliver North's National Endowment for the Preservation of Liberty.

- The NED Mandate -

The mandate of the National Endowment of Democracy lists five areas of activity:

"1. Leadership training": a euphemism for what more conventional CIA manuals would have called "agent in place" and "agent of influence" recruitment, training, and financing.

"2. Education": training and broadly defined propaganda efforts.

"3. Strengthening the Institutions of Democracy": funding of selected labor unions, university programs, political parties, newspapers, business groups, religious groups, and community action programs that would put their resources at the disposal of the economic policies simultaneously pushed by the NED--International Monetary Fund conditionalities, privatization, etc.

"4. Conveying Ideas and Information": indoctrination and action propaganda, in more traditional language.

"5. Development of Personal and Institutional Ties": the build-up of overt channels of influence through NED-linked

personnel and with agents-in-place and agents-of-influence operating in the countries targeted by NED.

The program has been lifted straight from the Trilateral Commission's 1980s Crisis in Democracy project. Point seven in the list of concluding statements attached as an appendix to that book was, "Creation of New Institutions for the Promotion of Democracy." Promotion of the Trilateral's Plans required an international effort, point seven argues. "One might consider, therefore, means of securing support and resources from foundations, business corporations, labor unions, political parties, civic associations, and where possible and appropriate, government agencies, for the creation of an institute for the strengthening of democratic institutions."

In short, although the NED has been established by laws passed by the U.S. Congress, its mandate is derived from the blueprints of the Trilateral Commission, hardly a democratic institution.

- The case of Thailand -

The entire apparatus of the NED and its allied operations through the Agency for International Development came into major play in the spring of 1992 destabilization of Thailand, a longstanding and loyal ally of the United States.

In this case, the Agency for International Development (AID) functioned as the financial angel for the entire so-called democracy movement, which erupted into violent action on May 18-19 in Bangkok, leading to confrontation with the Thai military and the killing of probably a few hundred people. The protesters' movement was organized on the ground by a plethora of "non-governmental organizations," which were legalized in Thailand in 1989. The "NGOs" were in turn funded, directed, and controlled by Washington, through monies channeled by AID either directly or through the Asia Foundation, or United Nations-sponsored NGOs. In short, the NGOs acted effectively as operatives of the U.S. government.

In February 1991, when the Thai military overthrew the government of Prime Minister Chatichai Choonhavan in a bloodless coup, the United States officially cut off all financial

assistance to Thailand. However, according to AID documents, millions of dollars continued to flow to Thailand from AID exclusively to the Thai "democracy movement."

AID siphoned off nearly \$700,000 to Participating Agencies Collaborating Together (PACT) in Thailand. The money was used for the purpose of "NGO coalition building," according to the AID document. PACT formerly was merely the funding arm for AID, but is now its own autonomous organization, concentrating mostly in Asia, according to a spokesman.

Another \$1 million in AID monies, to "strengthen provincial councils and strengthen elected government," was dispatched to Thai NGOs through the Asia Foundation.

According to Asia Foundation spokesman Catherine Delpino, the foundation is working "to direct the private NGOs to target the government for reform," and on human rights. The foundation also funds "advocacy groups" of environmentalists and slum-dwellers to "lobby" for change, although "we have to be careful not to appear as though we are lobbying foreign governments."

The Asia Foundation, which has penetrated nearly every layer of Thai society, is nominally a private foundation. However, according to its 1990 annual report, it received \$381,783 from private sources, against \$13.7 million in "grants from the U.S. government" for its operations in Asia. It is therefore presumed that the foundation is helping to carry out U.S. foreign-policy objectives.

AID also pitched in another \$40,000 for the Duang Pratheep Foundation, whose "slum angel" Pratheep was a founder of the Thai Confederation of Democracy.

The AID also forked over nearly \$500,000 in the same time period to the Asia-America Free Labor Institute (AFLI) of the AFL-CIO. This money, says the AID document, was provided to "promote worker participation in elections, advocacy, and promote worker rights."

According to Philip Fishman, the AFL-CIO representative in Bangkok through early 1992, "Most of these labor leaders who were playing a role in these pro-democracy demonstrations are

people who were closest to us and received the most extensive training. I know for sure one was on the organizing committee with [opposition leader General] Chamlong. There was another labor leader from the labor movement who was basically in charge of erecting the barricades and was very well known. It's something I'm personally quite proud of."

The AFLI itself dishes out offices, money, and recreational weekends to bind workers to it. It organized a program on "democracy" for a core of trade union leaders, who then went out and taught a compact version of the course to 1,400 trade unionists. This, along with the Washington-funded NGOs, provided the base of the "democracy" protesters.

In total, for Thailand, the AID earmarked over \$8.6 million to build non-governmental organizations and to environmental purposes for disbursement over an approximate three-year period.

As of June 3, nearly two weeks after the NGO-led riots forced the resignation of Prime Minister Suchinda Kraprayoon. Suchinda was the duly nominated prime minister for his party, which had won the majority in duly held national elections in Thailand. In short, the U.S. democracy apparatus overthrew an elected government, under the guise of "democracy." Suchinda was replaced by an appointed prime minister.

The NED is therefore a target of those whose long history of fighting for human rights and democracy cannot be denied, such as former Attorney General of the United States Ramsey Clark, who told a Human Rights Violations Conference in Denmark on June 19, 1990, that the NED "should be called the National Endowment for the Destruction of Democracy. Because it's U.S. funding for the subversion of democratic processes in other countries by the expenditure of U.S. electoral knowledge and U.S. money to democratic intervention to install leadership in a foreign country of U.S. choice."

STATEMENT OF RITA R. COLWELL, PAST-PRESIDENT, AMERICAN SOCIETY FOR MICROBIOLOGY

My name is Rita Colwell and I am Chair of the Board of Governors of the American Academy of Microbiology, which is part of the American Society for Microbiology (ASM). On behalf of the ASM I am pleased to present for your consideration, our recommendations for the Administration's FY 1994 budget request for International Convention and Scientific

Organization Contributions (ICSOC), a sub-item of "International Organizations and Programs" in the Foreign Aid Bill. The ASM is the largest single biological life science society in the world with an active membership of nearly 40,000, many of whom are involved in research of an international scope.

The Administration's funding request for ICSOC for FY 1994 is \$2 million. The funding request for ICSOC has remained level at \$2 million since FY 1987, which represents an annual decline in real dollar support. We believe this level of funding is inadequate. The numerous developmental, humanitarian and scientific assistance programs that are supported by these funds provide extensive benefits to the U.S. domestic and worldwide interests. Although it is a small budget item, it is of critical importance to ensuring the continued participation and leadership of the U.S. scientific community in a number of international scientific programs of direct benefit to the United States.

We recommend that the Appropriations Subcommittee on Foreign Operations increase the Administration's FY 1994 budget request for ICSOC funding to a minimum level of \$5 million. This is far below the estimated \$14 million U.S. contribution to UNESCO for science before the U.S. withdrawal in 1984. Since then the scientific community has expressed concern on many occasions that the Administration should consider a higher appropriation level than \$2 million for ICSOC.

We would like to explain the basis for the requested increase for ICSOC. When the U.S. withdrew from UNESCO, the organization was unable to fund many important international scientific programs at the levels it had done so in the past. The ICSOC allows continuation of funding for these programs but at minimum levels. The National Academy of Sciences, a nongovernmental agency, has been able to maintain and contribute to the support of U.S. scientific interests through a grant funded by ICSOC. Many U.S. scientists are active participants in these important programs.

Of special interest to the ASM, and of great importance for biotechnology in the U.S., are the activities sponsored by the International Union of Microbiological Societies; specifically the Global Impacts of Applied Microbiology (GIAM) Conferences and the Microbiological Resource Centers (MIRCENs). A significant number of ASM members are actively engaged in such organizations as the MIRCENs and GIAM. These programs have been highly effective and serve the U.S. national interest by promoting communication between U.S. scientists and their colleagues in developing regions of the world. More importantly, they provide U.S. scientists with access to vital resources for biotechnology, an area of scientific research in which the United States is a leader. The field of biotechnology is undergoing a rapid development at the present time and linkage with MIRCENs currently provides, and must continue to provide, significant economic benefit to the United States through access to genetic stocks via the MIRCENs. By the year 2000, the biotechnology industry is expected to have sales reaching more than \$50 billion in the U.S.

Conferences of the GIAM help to disseminate this important scientific information and to provide opportunities for international discussion of the possibilities and problems of using microorganisms for the benefit of mankind, especially in developing countries in partnership with U.S. scientists and laboratories on such topics as improved crop yields and re-use of domestic and industrial wastes.

The MIRCENs comprise a network of microbiological research and resource centers throughout the world but focus predominantly on linking laboratories in developing countries with those in developed countries, such as the three MIRCENs laboratories in the United States. Emphasis is placed on networking between these countries. Ongoing programs of the MIRCENs investigate the incredibly diverse capabilities of microorganisms throughout the world for their economic usefulness in helping the U.S., as well as developing nations, to meet present and future agricultural, chemical, energy, food, health and waste management needs. Projects have been undertaken to conduct research on microbial diversity, biotechnology, solid waste bioprocessing, environmental bioremediation, and preservation of

microbial germ plasm. These are programs that must be continued because of their productivity and cost effectiveness.

The value of the MIRCENs program to U.S. scientific activities is evidenced by the fact that there are three very successful U.S. MIRCENs: the Niflax (nitrogen-fixation) laboratory in Hawaii; the Beltsville Agricultural Research Center, USDA, Beltsville, Maryland (focussed on agricultural biotechnology); and the University of Maryland Marine Biotechnology MIRCENs. Training and collaborative research projects are carried out at each of these U.S. MIRCENs.

In the past, these previously supported UNESCO programs have proven to be highly cost effective and beneficial to both the U.S. and developing nations. The MIRCENs in both Hawaii and Beltsville are active in the study of nitrogen fixation, which increases the biological fertilization of soybean and related crops. A key development in alcohol fermentation technology for fuel is of interest to the industrial sector of the U.S. and originated from research supported by the MIRCEN located in Guatemala. Both of these examples demonstrate economic benefits of the MIRCENs to microbiology research for both the U.S. and developing nations. The MIRCENs have been very active in fostering development of new and extensive technologies native to specific regions and have promoted the application of microbiology to strengthen world economies. A worldwide program for preserving microbial gene pools and making them accessible to developing and developed countries has been launched through the infrastructure of the MIRCENs network.

In conclusion, the ASM believes that investment in the activities of the MIRCENs and GIAM are cost effective and of great benefit to U.S. scientific and economic interests. As we move further into the biotechnological era, it is imperative for the U.S. to have valuable access to microbial diversity and genomic material. If these programs did not already exist, we would simply have to invent them. We ask for your continued support of U.S. participation in funding U.S. international conventions related to scientific organizations engaged in work that is essential to U.S. interests. We would be pleased to discuss this matter further with you or your staff and to provide additional information.

STATEMENT OF THE ASSOCIATION OF ARAB-AMERICAN UNIVERSITY GRADUATES, INC.

SUPPORT AN INDEPENDENT AND SOVEREIGN LEBANON:

Lebanon is undergoing an era of reconstruction. After a period of almost 18 years of civil war, Lebanese have started the process of pulling together out of the debris; however the challenges are enormous. Lebanese have represented the values of tolerance, human integration, pluralism, equality and freedom. Such ideas have been frozen in the past 18 years due to the civil war, but now they are reemerging. Your support of an Independent and sovereign Lebanon is imperative to the success of the reconstruction movement in Lebanon.

IMPLEMENTATION OF U.N. SECURITY COUNCIL RESOLUTION 425

The support of an independent and sovereign Lebanon must start with the withdrawal of Israel from Lebanon. The implementation of the UN security council resolution 425 is the first and the most important step in this respect. Lebanese independence and sovereignty has been violated and taken away forcefully by the Israeli's occupation of the South of Lebanon. We firmly believe that the implementation of this resolution is the responsibility of the free world led by the United States of America. It is also a pre-requisite to the continuation and success of the Middle East Peace Talks that are currently being sponsored in part by the USA. We ask for your support towards achieving this goal of an immediate Israeli withdrawal from South Lebanon, and the deorganizing of the so called 'security zone' created by Israel.

LIFTING ALL TRAVEL BANS TO LEBANON

As a gesture of support, trust and encouragement we believe that it is essential that all travel bans and restrictions to Lebanon should be lifted. That includes the ban restricting U.S. citizens' access to Lebanon. US citizens would then be allowed to visit Lebanon for purposes of emergencies, family, tourism, business, education and other travel. This step would be of mutual benefit to Lebanese and American business, individuals, and cultures. It will, as well, be a

major contribution towards a stronger and more stable Lebanese economy.

OPENING the US CONSULATE IN BEIRUT

Opening the U.S. consulate in Beirut is another major step towards supporting an independent Lebanon. In the past years the Lebanese have been burdened by traveling to Damascus, Syria or Nicosia, Cyprus in order to visit a U.S. consulate. The reopening of the U.S. consulate in Beirut would facilitate business, tourism, and individual travel transactions of Lebanese from and to the United States. It will also be a positive step towards helping the struggling Lebanese economy.

RESTORING MILITARY AID TO THE LEBANESE ARMY

Lebanon has always been and still is a pluralistic society, which upholds democratic ideals. Its army is the only legitimate military organization. Restoring military aid to the Lebanese Army is the only mean of supporting and insuring peace in Lebanon. A step which will in turn have a positive effect on peace in the region.

ENCOURAGE BUSINESS AND INVESTMENT IN LEBANON

As a free market economy, the Lebanese economy has all the potentials to maintain its stability and succeed. Its success, however, would only be possible through the encouragement of foreign investment. As the leader of the free market, we ask for your support. An increase in US humanitarian and economic aid is essential for the

reconstruction of Lebanon. The lebanese infrastructure that has been destroyed by the civil war and by foreign invasions needs to be restored. We urge you to consider an increase in the various aid packages to Lebanon.

Lebanon has started the process of reconstruction. It faces many challenges and needs help on many levels. The US has consistently and through out the war years expressed its commitment to an individual and independent Lebanon. Now is the time to translate this commitment into positive action, by extending the helping hand which is so direly needed to get through the tedious process of recovery and to create a new healthy economy which is the bases for a peaceful and prosperous country.

STATEMENT OF AMBASSADOR BILL K. PERRIN, PRESIDENT OF
THE INTER-AMERICAN FOUNDATION

Introduction

Mr. Chairman, I am honored to testify before this distinguished subcommittee regarding the President's Fiscal Year 1994 budget request for the Inter-American Foundation ("Foundation"). The Foundation's proposed budget of \$30.960 million would be combined with approximately \$7.744 million in Social Progress Trust Fund (SPTF) resources for an estimated total budget of \$38.704 million. This compares to an FY 1993 appropriated budget of \$30.960 million plus \$7.275 million in SPTF resources.

Budget Request

\$30.712 of the FY 1994 requested budget would be used for program activities. The remaining funds, \$7.992 million, would

be allocated for administrative expenses. The proposed budget would permit the Foundation to maintain its program at the FY 1993 level.

Program Overview

The Foundation's FY 1994 budget presentation describes the proposed program in detail. Rather than reiterate the information contained in those materials, my testimony will focus on the Foundation's role as a United States development assistance agency in the changing world of the 1990's. Indeed, the 1990's have the potential to become a decade of sustained economic growth and democratization in Latin America and the Caribbean. However, today's promise can become tomorrow's hyperinflation, political instability, and endemic poverty. As John Sewell, President of the Overseas Development Council, writes:

The rapprochement between the United States and Latin America and Caribbean countries can only be understood as the result of new forces driving a redefinition of U.S. foreign policy interest and Latin America's remarkable rejection of authoritarian governments and statist development models. The shift to open societies and open markets is welcome, but their durability is not guaranteed.^{1/}

The challenge facing Latin America and the United States is two-fold:

- 1) To ensure that the growing climate of prosperity and positive change continues unabated; and
- 2) To promote policies and programs which enable the poor, accounting for as much as forty percent of the region's population, to participate in their countries' economic, social, and political development.

The long-term interests of the United States are inextricably tied to the region's continued transformation into a vibrant

^{1/} John Sewell, Introduction to The Premise and the Promise: Free Trade in the Americas, Overseas Development Council, 1992.

and democratic community of nations. Yet, Latin America's economic gains represent more than expanding markets for the United States. These gains also foster prosperous societies which are better able to protect the environment, feed and care for people, and eliminate conditions which compel migration,

To sustain such prosperity, it is imperative that the poor share in opportunities for economic gain and political enfranchisement. Otherwise, the fragile democratic and free market reforms of recent years will be threatened by the specter of renewed authoritarianism and statist development policies.

The Foundation's FY 1994 budget request reflects the conviction that by vigorously supporting self-help initiatives which promote the ideas and involvement of the region's poor in their own development, the Foundation can help to consolidate the remarkable gains of recent years. The Foundation's approach to meeting this challenge is set forth in the Foundation's "Vision and Goals Statement for the 1990s," which serves as an institutional framework for supporting grassroots development in this hemisphere. I respectfully request that the Vision and Goals Statement, which is appended to my statement, be made part of the record.

Since its inception, the Foundation has supported the kinds of grassroots development initiatives which are today recognized as instrumental for sustained development and democratic institution building throughout Latin America and the Caribbean. Building on this experience and the principles articulated in the Vision and Goals Statement, the Foundation will continue to encourage and support self-help programs which create greater opportunities for the poor to improve their lives and become productive human resources necessary to foster a democratic, free enterprise society. As the Foundation

continues to be a forward looking development agency which contributes both to the region's growth and to the long-term interests of the United States, new mechanisms must be identified to leverage additional financial resources for grassroots development.

In this spirit, the Vision and Goals Statement also underscores the potentially significant role which the Foundation can play in assisting non-governmental organizations (NGOs) to reduce their dependence on external donors. The Statement also encourages co-funding of grassroots development programs with other donors to extend the impact of the Foundation's limited resources. To achieve these goals, I launched an outreach initiative and established an Outreach Office to coordinate the Foundation's staff's involvement in carrying out the initiative.

Outreach Initiative

In simple terms, by launching the outreach initiative to help Latin American and Caribbean non-governmental organizations gain access to local private and public sector resources, my goal is to lessen the dependency of NGOs on U.S. foreign assistance and international external donors. The outreach initiative also seeks to increase the effectiveness of local private and public sector donors through enhanced cooperation among donor agencies in project selection, funding, and monitoring.

For sustainable development and stable democratic societies to succeed, it is imperative that grassroots organizations assume responsibility for the direction and financing of their development programs. To promote this concept, the Outreach Office will coordinate the Foundation's staff's work with NGOs to develop strategies for gaining greater access to public and private sector resources within their own countries and,

thereby, lessen their dependency on United States foreign assistance. In addition, the Foundation is also establishing formal, cooperative working and co-funding relations with other development donors so that our limited financial resources are used more effectively.

I am convinced that the Foundation's outreach initiative can succeed because it is premised on over twenty years of understanding and work in Latin American and the Caribbean societies. Although this is a long-term endeavor, sufficient local, in country financial resources are available in the region, especially in the private sector, to support grassroots development. Moreover, the Foundation has identified numerous development donors eager to use resources cooperatively to support grassroots development programs. Genuine opportunities exist to work together cooperatively with public and private organizations willing to commit financial and human resources that promote grassroots development.

As examples of the Foundation's work in supporting outreach efforts, I highlight the following:

- The Asociación Nacional para la Conservación de la Naturaleza (ANCON), established and funded by private sector business leaders in Panama, promotes and supports conservation programs. ANCON, with the Foundation's assistance, has expanded its focus to include support for grassroots, sustainable development that balance development needs with the preservation of the environment. The Foundation is working with ANCON's Chairman of the Board and leading Panamanian businesspeople to expand local fundraising efforts that promote grassroots development.

- The National Petroleum Company of Venezuela, S.A. (PDVSA) and the Foundation executed a Memorandum of Understanding to co-fund grassroots development projects in Venezuela. The Foundation and PDVSA have each allocated \$500,000 to support seven grassroots projects which satisfy the Foundation's funding criteria. In addition, Foundation staff have trained PDVSA personnel on the Foundation's approach to grassroots development and project analysis and selection. PDVSA has expressed interest in continuing and increasing the resources dedicated to this co-funding program.

- Citibank and the Foundation provided the initial support for an Accion Internacional region-wide effort that will provide technical assistance and training to increase the scale and effectiveness of 42 Latin American NGOs supporting small business enterprises through loans and technical assistance. A \$100,000 Foundation grant (LA-144) was awarded to the Centro Acción Micro Empresarial to undertake the design and development of the necessary training system and materials. The World Bank, the Inter-American Development Bank, and the United Nations Development Program have pledged to provide \$3.4 million to implement this project. Thus, a Foundation grant of \$100,000 is expected to leverage \$3.4 million through a carefully planned and coordinated effort with other donor agencies.

- The MacArthur Foundation and the Inter-American Foundation negotiated a Memorandum of Understanding through which the MacArthur Foundation will provide up to \$300,000 to Inter-American Foundation grantees

working on forestry projects in southern Mexico. Similar opportunities in other countries have been identified and discussed with the Ford, Rockefeller, and Kellogg Foundations.

As these examples illustrate, NGOs can gain greater access to local private and public sector resources, and international donors are eager to learn more about grassroots development and enter into formal co-funding agreements. Accomplishments to date indicate that these concepts are not only feasible but timely.

My goal is to use the Foundation's limited financial and staff resources as a catalyst to transform these innovative concepts into reality. This will, however, require the Foundation to expand its role beyond that of a funding agency. In doing so, the Foundation must help NGOs to identify potential sources of local financial assistance and, more importantly, assist other donors to focus on supporting grassroots initiatives.

As in the case I described with PDVSA, the Foundation must assume the role of "trainer" in those instances where local private or public sector organizations seek to adapt the Foundation approach and methodology to support NGO initiatives. These new and evolving responsibilities will require the Foundation to redouble its efforts, but experience to date indicates that given the tools, the Foundation is uniquely positioned to promote innovative and experimental approaches to grassroots development. It is in this spirit that I conceived the outreach initiative and with your continued help that I remain enthused about its success.

Mr. Chairman, I would be delighted to answer any questions that you and the Members of this distinguished Committee might have for me.

THE INTER-AMERICAN FOUNDATION'S VISION

The Foundation's vision will be realized when it has made a significant contribution to the achievement of the following:

- Grassroots development is widely recognized as the foundation of sustainable development and participatory, democratic civil societies in the developing countries.
- Local, private sector development organizations (NGOs) have significantly increased their efforts, skills and success in working with their private business sector and government to mobilize, organize and focus the country's resources on effective and sustainable grassroots development.
- NGOs in Latin America and the Caribbean receive most of their financial and material resources from supportive private and public sectors in their own countries. With this support, NGOs are well on their way to independence from foreign assistance.
- NGOs have developed high levels of management, technical and development skills and know-how enabling them to reach a level of excellence in fostering and assisting grassroots development.
- Efficient learning and dissemination systems permit the timely collection and transfer of practical know how, ideas and experience among funders and practitioners of grassroots development.

THE IAF IN THE DECADE OF THE 1990s

The Inter-American Foundation, a U.S. Government agency, is in its third decade of offering unique development assistance to the peoples of Latin America and the Caribbean--assistance that supports the ideas and initiatives of private sector organizations and groups at the grassroots level. Now, in the changing world of the 1990s, it is time for the IAF to re-examine its institutional goals and strategies and to make those adjustments needed to meet the challenges of the future.

The Current Setting

The decade of the 1990s began with a surge of hope. The Berlin Wall came down, democracy emerged in the countries of Eastern Europe, as it now appears to be doing in the Soviet Union. In Latin America and the Caribbean, where there is a long tradition of democracy that precedes the trend in Eastern Europe, most countries that had tried other forms of governing returned to democracy in the 1980s and are now entering a period of consolidation. These nations, and many others, are participants in a changing world moving towards democratic forms of governing and open, free-market economies. If this trend continues, it could usher in unprecedented opportunities for the emergence of open, democratic civil societies, in which people have the freedom and opportunity to use their ingenuity and energy to forge better lives for themselves.

To take advantage of the opportunities that are emerging, Latin American and Caribbean countries must find solutions to difficult problems that mitigate against development progress. A burdensome and growing foreign debt deprives the countries of investment capital needed for development. Lack of jobs and income will continue without active and productive small business sectors in both the urban and rural areas. The destruction of renewable natural resources, while producing short-term income benefits, is leaving countries without the basis for long-term, sustainable development.

Rural to urban migration has resulted in dramatic increases in urban populations. In many countries the majority of the people now live in cities -- many in slums and squatter settlements surrounding megacities. Poverty in these areas has grown worse. Unemployment is high and there is a serious lack of access to health services, decent housing, and potable water supplies.

Finally, in both the rural and urban areas, the lack of education and job training opportunities has inhibited the development of human resources upon which social and economic progress ultimately depends.

Over the past several decades, the assumption that a developing country's government could solve these problems primarily through the transfer of capital and technology from the rich countries to the poor has been belied by the continuing poverty of many developing countries. Capital and the right kinds of technology are needed; and there is hope that the new Enterprise for the Americas Initiative designed to stimulate trade, investment and relieve foreign debt will be effective. But history has shown that these large scale government-to-government programs are not, by themselves, the complete answer to development. Moreover, foreign development assistance funds are shrinking in real terms, and in Latin America there is a tendency for central governments to shrink -- whether from the exhaustion of political and economic models, shrinking resources, or from planned efforts to decentralize and privatize.

The void left by governments is being filled by voluntary civic associations and grassroots community movements in both urban and rural areas. These nongovernmental organizations (NGOs) are recognized more and more as playing a critical role in expanding social and economic opportunities for the poor. For that reason they are being asked to participate in and inform the decision-making of local governments, international development agencies, and private foundations.

In 1971, when the Foundation was awarding its first grants to NGOs, based on an untested faith in their potential, few in the international development assistance field recognized the value or even the existence of these small, private sector, development organizations. Now, twenty years later, they are increasingly being considered, both internationally and by their own governments, to have played a crucial role in the past and to be destined to play an even more important one in the future.

While the rise in numbers and capabilities of NGOs is encouraging, they are beginning to realize that their future will be uncertain and their potential not fully developed if they remain dependent on the erratic ebb and flow of the limited and shrinking resources of external funders. They must find ways to gain long-term access to in-country financial resources that exist in the private business sector, philanthropic organizations, and government agencies. A vibrant, active and effective NGO community supported by an enlightened private sector and a cooperative government is essential if sustainable development is to have a chance.

It is within this context of promising change and expanding opportunities that the IAF must strive to make optimum use of its resources. The challenge now before the Foundation is to draw on its twenty-year record of development assistance experience to preserve and enhance those time-tested approaches that work, blending them with bold new visions for the future. In meeting this challenge, IAF will be faithful to its Congressional Declaration of Purpose, guided by a set of key tenets, and driven by an overarching institutional vision and goal.

Congressional Declaration of Purpose

The purpose of the Inter-American Foundation, as stated in the enabling legislation, is just as valid today as when the IAF was established.

"It shall be the purpose of the Foundation, primarily in cooperation with private regional and international organizations to:

strengthen the bonds of friendship and understanding among the peoples of this hemisphere;

support self-help efforts designed to enlarge the opportunities for individual development;

stimulate and assist effective and ever-wider participation of the people in the development process;

encourage the establishment and growth of democratic institutions, private and governmental, appropriate to the requirements of the individual sovereign nations of this hemisphere."

Key Tenets

Three tenets about the nature of development underlie and motivate all IAF programs.

- Development is a social, political, economic and human process. It is not an event such as a project with a start and an end date.
- To be lasting and sustainable, development must involve people in a learning process that gives them the management, organization and technical skills to participate in and have access to the mainstream economic and democratic systems emerging in their countries.
- The most effective development assistance, at the level IAF operates, is achieved by supporting the people's ideas and initiatives.

A New Vision for the 1990s

The IAF's vision is for Latin American and Caribbean countries to achieve high levels of development capability and independence from external resources at the grassroots level. This vision is based on four convictions:

- Grassroots-driven development is an absolute necessity for lasting social and economic progress in all countries, rich or poor.
- Indigenous NGOs have great value as promoters of grassroots development.
- In-country financial resources are sufficient for NGOs to become independent of external assistance over time.
- If development is to become a reality, people and organizations at the grassroots level must take charge of the direction and financing of their development programs.

Making the Vision a Reality

The IAF, through the establishment of a vigorous outreach program, will join forces with other multilateral and bilateral development organizations, the private sector, and other government agencies to help the people of Latin America and the Caribbean develop their own capability to meet their development needs as they define them. It will particularly seek creative and effective ways to support NGOs in their longer-term efforts to play a constructive role in defining and implementing programs that address the development problems and priorities of their countries.

Obviously, the IAF's vision of self-sufficiency for grassroots development in Latin America and the Caribbean will not be a reality by the end of this decade. Making this vision a reality will be a slow, evolving process. The IAF will be faced with the challenge of finding more effective ways to focus its resources on grassroots solutions to priority problems while, concurrently, developing and implementing a strategy to help NGOs gain greater access to in-country resources and develop their institutional capability as leaders and supporters of grassroots development efforts.

IAF's Institutional Goal for the 1990s

In pursuit of its vision, IAF's goal for the 1990s is:

Increase the effectiveness and the financial independence of community-level development organizations and processes that focus on human development, foster self-reliance, and improve the quality of life for the peoples of Latin America and the Caribbean. Given the IAF's limited staff and financial resources, the quest for creative and effective ways to increase the impact of its limited resources must be an ongoing institutional priority.

Strategies for Achieving the Goal for the 1990s

1. Decreasing Dependency of NGOs on External Resources

The IAF believes that strong, democratic NGOs that promote and assist development at the grassroots level are crucial building blocks for sustained development. They provide the poor with opportunities to acquire the knowledge, skills and income needed to improve their material well-being, and the know-how and confidence to exercise their civic responsibilities in a democratic society.

Development assistance resources for Latin America and the Caribbean will remain scarce and may shrink. If NGOs remain dependent on these external resources, their effectiveness and even survival could be threatened. It is, therefore, incumbent on the IAF to help NGOs gain access to in-country sources of funds and to work with other development assistance organizations and the private sector to leverage the limited funds available through co-funding and complementary program activities.

Accordingly, IAF will develop an outreach program to leverage more funds to support development programs and to decrease the dependence of NGOs on external resources. The outreach program will be a discrete unit, separate from funding and learning operations, but it should coordinate its work with funding and learning. The program's objectives are to:

Help community-level, nongovernmental development organizations gain greater access to financial resources in their own countries and to technical assistance and training so that they can increase their effectiveness, impact, and sustainability and decrease their dependence on external resources.

Leverage more funds for IAF-assisted programs from private and public sector organizations via the co-funding of development activities.

2. Increasing the Programmatic Impact of IAF's Resources

To increase the impact of IAF's scarce resources, a strategy will be developed that identifies a limited number of specific and clearly defined program focus areas.

The following principles will guide the development of country strategies:

Practical solutions to the basic needs of poor people should be emphasized, including food, employment, income, education, family stability and civic participation.

Country strategies should be designed to assure that the people involved in the self-help process develop new skills, knowledge, and "hands-on" experience while improving their well-being and standards of living.

While country strategies should focus on achieving specific, realistic development goals, at the same time they should remain flexible and open to experimenting with new and creative ideas.

Strategies will differ from country to country depending on priority needs, but all strategies will be based on the operating principle that income and job generation are essential to lasting development and self-reliance. Welfare-type assistance may temporarily meet a basic human need--but it does not create meaningful jobs or lead to the greater productive capacity the poor must have to achieve lasting social and economic gains.

3. The Priority Program Areas

The IAF recognizes that there are a wide array of development needs in addition to the ones listed above. Given the IAF's very limited budget, its contribution will be much greater if its resources are concentrated on a few program areas rather than scattered among a large number. IAF will concentrate the majority of its resources on the following five key program areas:

Small business enterprises involving manufacturing, services, tourism, artisan goods, and similar efforts to generate income and jobs and to develop the productive capability of marginal sectors.

Agriculture and food production, processing, and marketing to create jobs in the rural areas, strengthen economies weakened by the need to import large quantities of food, and enhance the health and productivity of expanding populations.

Sustainable, renewable natural resource management to support the people of Latin America and the Caribbean in their efforts to find solutions to a balance between development progress and preservation of the environment upon which lasting progress depends.

Technical training in management, organization, business and other skills that build the know-how, productive capability, and confidence that is needed to develop a country's most valuable resource--its people.

Non-formal education, including but not limited to such topics as leadership training, environmental issues, civic responsibilities, and other topics that enable people to participate in and influence the social, political, and economic opportunities available in their societies.

4. Criteria for Selecting Discrete Projects

IAF will adhere to the following criteria when selecting projects to support.

The proposed project involves the beneficiaries in a process that will bring them new skills, knowledge, and attitudes and that will improve their standard of living and personal well-being .

The potential grantees are aware of the need for a reasonable balance between development progress and conservation of the environment and have tried to achieve that balance in formulating the project design and goals.

The proposed project fosters managerial self-sufficiency and economic independence among the poor and their organizations.

5. Better Use of In-Country Support Contracts

IAF will make better use of its In-Country Support contractors by expanding the scope of their activities in assisting the IAF staff to develop country strategies, to analyze programs, to provide grantees with technical assistance, and to evaluate and monitor projects.

6. Program Based Learning and Dissemination System

IAF will design and implement a comprehensive program-focused learning and dissemination system to capture the lessons of successful projects and transferable methodologies so that other projects and organizations can profit from them. The goal is to improve the IAF's effectiveness in funding as well as the grantee's ability to design and manage better projects.

7. More Efficient Administrative Systems and Procedures

IAF will increase the efficiency and effectiveness of its operations by streamlining systems and procedures for the grant management and approval process and other administrative systems that support the IAF's mission.

In Pursuit of IAF's Goal for the 1990s

Achievement of the IAF's goal for the 1990s will require the continued high levels of dedication, commitment, and effort from the small but exceptionally capable IAF staff working as a team towards a common purpose. Creative and inspirational leadership of this

team by the IAF's president, coupled with skillful management of the organization's limited resources, are essential. Support, encouragement, and assistance from the members of the Board of Directors are needed to sustain the high levels of motivation and morale the staff need to achieve IAF's institutional goal for the 1990s and make the vision a reality. The IAF must also continue to listen and learn from the people of Latin America and the Caribbean and to seek out the advice and counsel of those who are involved in trying to make the 1990s a decade of unprecedented social and economic progress for the people in developing countries. It is also important to continually and systematically re-examine IAF's operating assumptions and strategy and make those modifications needed to keep them valid and relevant in light of changing conditions and lessons learned.

As a Government agency representing the people of the United States of America, IAF must continue to conduct its operations using the highest standards of ethical behavior avoiding even the appearance of a conflict of interest. Finally, an institutional and personal commitment to integrity and excellence in professionalism and performance, together with fair and equitable treatment for all people, will be the quest of IAF's leadership and staff in serving the people of the U.S.A. and Latin America and the Caribbean.

STATEMENT OF STEPHEN D. GOOSE, WASHINGTON DIRECTOR, THE ARMS PROJECT OF HUMAN RIGHTS WATCH

Thank you, Chairman Leahy, for the opportunity to present this testimony to the subcommittee. The Arms Project is a new division of Human Rights Watch. Its mission is to monitor and to attempt to curb arms transfers and military assistance of all types to and from governments and groups that abuse human rights. While the Arms Project is interested in a great many issues that the subcommittee is dealing with, I will confine my testimony to a matter I know is of grave concern to you: the global crisis engendered by anti-personnel landmines.

Human Rights Watch, in conjunction with the Vietnam Veterans of America Foundation and several other U.S. and European non-governmental organizations, has spearheaded an international campaign calling for a ban on the production, stockpiling, transfer, and use of anti-personnel landmines. Nothing has generated as much serious interest in and momentum for the campaign internationally as your legislation which resulted in a one-year moratorium on U.S. exports of anti-personnel landmines. Your leadership has been and will continue to be vital to the effort to stem the humanitarian disaster being created by landmines.

I would like to give you an overview of the current global situation with regard to anti-personnel (A/P) landmines, and then make some recommendations for action by the subcommittee, the Congress, and the U.S. Government. Foremost among the recommendations are (1) the need to extend the moratorium, without exceptions for any particular types of A/P mines; (2) the need to greatly increase funding for demining activities around the world; and (3) the urgent need to move beyond the export moratorium to limitations, aimed at a ban, on production and stockpiling as well.

Scope of the Landmine Crisis

Though little remarked, the international community is facing a severe landmine crisis. Tens of millions of A/P landmines have been strewn around the world, causing hundreds of thousands of deaths and injuries. It appears that A/P landmines are being produced, exported, and deployed in ever-increasing numbers.

Tragically, the victims of A/P landmines are largely innocent civilians, including children. Landmines remain in the ground long after conflict has ended, causing massive suffering to civilians for

years after "peace" has come. The record shows that, with few exceptions, A/P landmines have been used in a widespread and indiscriminate fashion by both government troops and rebel forces: minefields have not been recorded or mapped or properly marked; mines have been randomly disseminated in civilian areas (in and around villages, fields, and paths) without efforts to protect civilians; indeed, mines have been targeted at civilian populations as a weapon of terror. Such uses represent a gross violation of basic human rights and are prohibited by international law.

The scourge of landmines is a truly global phenomenon. Initial results of a recent survey by the U.S. State Department indicate that landmines pose a threat to civilians in 62 nations, and that 33 of those nations face a serious problem and require assistance with demining efforts. There are perhaps 100 million anti-personnel landmines deployed throughout the world, waiting to claim civilian victims.

While there is no way to know the precise number of landmine casualties, it is at a minimum in the hundreds of thousands. The amputation rates in some of the worst mine-affected nations are horrifying: Cambodia--1 amputation per 236 people; Angola--1 per 470 people; Somalia--1 per 650 people.

For most of the affected countries, the devastation by landmines is felt at all levels: individual, family, community, and societal. A nation must respond not only to the immediate medical and rehabilitation needs of landmine victims, but also to the severe long-term effects of landmines on economic reconstruction and social reintegration. Landmines in some cases make nearly impossible such basic tasks as planting crops, gathering firewood, gathering food, grazing livestock, and travelling between villages.

The high end estimates of the number of landmines in the ground exceed 20 million in nearly every region of the world, including Africa, South Asia, East Asia, and the Middle East. Europe, including the former Soviet republics, is the region experiencing the most rapid increase in number of landmines laid. Some observers believe that thousands of new mines are being laid each day in the former Yugoslavia by Serbs, Croats, and Muslims--perhaps as many as 50,000 per week.

Based on interviews with U.S. government officials, demining experts, and other landmine specialists, the best estimates of the number of landmines planted in the nations with the worst A/P landmine problem include: Afghanistan (10 million); Angola (9 million); Iraq (5-10 million, including 3-5 million in Iraqi Kurdistan); Cambodia (4-7 million); Mozambique (2-3 million); northern Somalia (2 million); and former Yugoslavia (2 million). In truth, these are informed guesses; some estimates for these nations are more than twice the numbers cited here.

Many other nations and areas are plagued by A/P landmines. To highlight some: in Asia--Vietnam, Burma (Myanmar), Laos, and Sri Lanka; in Africa--Ethiopia, the Western Sahara, Rwanda, Liberia, Zimbabwe, and Uganda; in the Middle East--Kuwait and Iran; in the FSU--Nagorno Karabakh, Tajikistan, and Georgia; in Latin America--Nicaragua, El Salvador, and the Falklands-Malvinas.

The above is not a comprehensive or definitive recitation of countries suffering from landmines, but it does give a sense of the global scope of the problem.

Production and Trade Overview

Given the horrendous situation, it is striking how little information is readily available on global production and trade in landmines. The standard public sources of arms trade information are nearly silent on landmines. The research organizations known for tracking major weapon systems largely ignore landmines. Military trade publications offer sketchy information at best.

The most comprehensive landmines data has been compiled by military organizations and intelligence agencies, yet these agencies, too, express frustration at their inability to gather complete information. At the present time, it is necessary to rely sometimes on estimates and educated guesses.

The Arms Project of Human Rights Watch has succeeded in compiling the first meaningful estimates of the size and value of global A/P landmine production, and the extent of its deadly penetration into markets throughout the world. Our findings to date are summarized below; the Arms Project is happy to provide the subcommittee with more detailed information on mine types and on production and trade for individual nations. It must be stressed, however, that these estimates are tentative, should be taken as a starting point for discussion and analysis, and may require significant revision.

New information compiled by the Arms Project--through Freedom of Information Act requests and other means--indicates that at least 75 producers in 44 countries have manufactured at least 307 types of anti-personnel landmines in recent decades. We have found at least seven countries and more than 100 types of A/P landmines previously unidentified in published reports. (See Table I)

The available evidence, though not conclusive, suggests that Italy, China and the former Soviet Union were probably the largest producers of A/P mines in recent years. Though our current information would seem to place the U.S. behind these largest producers, field reports from mine clearance groups suggest that the U.S. must have been in the top ranks in the not-too-distant past.

Beyond the top three or four producers, expert opinion diverges. Interviews with trade specialists, mine clearance professionals, and government experts suggest that the following additional countries (not listed in ranked order) have probably been among the world's larger A/P mine producers in recent years:

- Among NATO nations: Belgium, and possibly also Austria, Britain, France, former West Germany, Greece and Turkey.
- In Eastern Europe: former Czechoslovakia, former Yugoslavia and possibly the former East Germany.
- In the developing world: Egypt, India, Israel, Pakistan, Singapore, South Africa, and possibly also Chile, South Korea and North Korea.

Our provisional estimates suggest that manufacturers have probably produced an average of between five and ten million A/P landmines per year in recent decades, roughly ten times the production volume previously reported in the trade press. Combined global production for traditional A/P mines is probably worth between \$50 million and \$200 million annually.

With respect to trade in landmines, the Arms Project has identified at least 33 companies or government organizations in 26 nations that are known to have exported A/P landmines. (See Table 2). As with production, Italy, China and the former Soviet Union also rank at the top of most experts' lists of exporters. Other leading exporters of A/P mines in recent years probably include Belgium, Singapore, Pakistan, the former Czechoslovakia, and the former Yugoslavia. Chile, Egypt, Greece, Israel, Portugal, Spain and Switzerland may also be significant exporters.

Though far larger than previously reported, the A/P landmine business remains trivially small in comparison with the market for any major weapons system. However, landmine production is a changing, growing business. The figures cited above do not take into account the potentially vastly larger market for scatterable mine systems. Instead of being emplaced by hand like most traditional mines, scatterable mines are delivered remotely by aircraft, helicopters, artillery, and other ground- or air-based systems, some at the rate exceeding 1,000 landmines per hour. Scatterable mine systems typically include both A/P and anti-tank (A/T) components. Producers are pursuing potentially profitable

new markets for both scatterable mine systems and for more sophisticated variants on the traditional A/P landmine.

The United States

U.S. Government data suggests that the U.S. has not been a major exporter of mines since the mid-1970s. Landmine clearance groups, however, place the U.S. high on their lists of problem countries. This discrepancy may stem in part from possible U.S. covert A/P mine shipments in the past dozen years to rebels in such places as Afghanistan, Angola, Cambodia and Nicaragua, and in part from third party sales of U.S.-origin mines or foreign copies.

The U.S. could again become a major exporter — if business executives lobbying for relaxation of the current export moratorium are successful. This is largely because of the potential market for scatterable mines. It appears that the U.S. began exporting scatterable A/P mines in 1990, and exported about 70,000 scatterable A/P mines in 1990 and 1991. During the same two years, the U.S. exported a total of about 20,000 traditional U.S. A/P landmines-- an amount consistent with U.S. export totals since the early 1980s.

According to recent information, over the past twenty-five years the U.S. has exported more than 3 million hand-emplacable anti-personnel landmines to more than 30 nations. Only 150,000 of those have been exported in the past ten years, however. Thailand and El Salvador were major customers during the past decade. Major customers in the 1970s and early 80s included Iran, Cambodia, Thailand, and Chile.

These numbers do not include: (a) licensed production of U.S.-designed mines in other nations; (b) illegal or unauthorized copies of U.S. mines produced in other nations; (c) possible covert shipments of U.S. landmines to rebels in Afghanistan, Angola, Cambodia, Nicaragua or elsewhere; and, (d) mines deployed with U.S. troops in conflict (as in Vietnam or Iraq). Each of these categories could entail significant numbers of landmines.

Most exports in the past ten years have been M18 Claymores or M16 bounding mines. The U.S.-originated Claymore M18A1 fragmentation mine is one of the most widely-produced traditional A/P landmines. According to the U.S. Army, it is also the only mine still made in the U.S. which lacks a self-destruct mechanism. U.S. production ranged between 5,000 and 20,000 units in recent years. The Army plans to increase procurement to an average of 50,000 per year during the coming decade.

As of 1992, worldwide production of Claymores totalled about 180,000 units a year. Overseas copying has thus replaced direct export as the main route to the world market for Claymores and other U.S.-origin traditional A/P landmines. Countries known to produce Claymores include Chile, South Africa, South Korea, and Pakistan. Mines closely modelled on the Claymore are produced in many other countries.

The U.S. State Department has interpreted the current U.S. export moratorium as banning foreign manufacturing licences as well. However, according to the State Department's Office of Defense Trade Controls, all licenses are long-expired and all current foreign production is unlicensed.

A MORE BLEAK FUTURE

Even if another mine was never produced or deployed, numerous nations would still be engaged in attempting to clear mines, and civilians would still be killed and maimed in great numbers, for decades to come. But, of course, landmines continue to be produced and deployed. Indeed, the damage and suffering attributable to landmines are increasing daily as the number of mines laid every day by far exceeds present capabilities to remove them. We can expect that the landmines situation will continue to worsen, possibly at a rate exceeding that which we have witnessed over the past several decades, unless a worldwide ban is instituted. It is unlikely that any constraints and controls short of a total ban will be meaningful or sufficient.

There are a host of reasons for believing that the global landmines situation is going to deteriorate further in the future, and possibly quite rapidly: renewed hostilities in existing landmine-afflicted nations; the likelihood of increased ethnic and religious conflict around the world; changes in strategies for using landmines; increasing involvement of more and more nations in landmine production and trade; and technological developments in landmines.

It is discouraging to note that in several of the nations most afflicted by landmines, recent hopes for peace are falling to the wayside, and renewed or expanded conflict is threatening or underway; most notable would be Angola, Afghanistan, and Cambodia. Nascent demining efforts in those nations could soon be overwhelmed by new rounds of extensive mine laying, with more mines piled on top of the many millions already in place.

The outbreak of local and regional conflicts in the post-Cold War era has already led to the sowing of millions of mines around the world. Iraq's invasion of Kuwait resulted in the laying of some 7 million mines in Kuwait. The Gulf War and Iraq's subsequent offensive in Kurdistan combined to flood Kurdistan with an estimated three to five million mines. The break-up of Yugoslavia has been accompanied by the deployment of approximately 2 million mines already. It is possible that more mines are being laid there every day than anywhere else in the world. The break-up of the Soviet Union has seen landmines by the tens of thousands spread throughout Nagorno Karabakh, Tajikistan, and Georgia.

More generally, it would seem to be a sound proposition that the rise in ethnic and religious conflict will likely lead to a significant expansion of the global landmine problem. In part this is simply because landmines are becoming the weapon of choice for armies with limited resources and technological capabilities. But another factor is that, by their nature, ethnic conflicts could lead to even more intense abuses of landmines. Ethnic warfare could alter the usual insurgency-counterinsurgency calculations that might otherwise constrain the use of landmines in internal wars. One side in an ethnic conflict may not care about permanently ruining the land of its ethnic enemy if it does not plan to occupy that land.

Increased use of landmines in the future is also likely because of the evolving technologies and strategies for employing landmines. Landmines have shifted from being a defensive to an offensive weapon by virtue of the ability to deliver landmines remotely and mechanically, by air or artillery, over great distances and vast tracts of land. They have also consequently shifted from being a tactical battlefield weapon to a weapon often aimed directly at civilian populations in order, for example, to create refugees and empty territory. It can be argued that landmines have become a destabilizing weapon: the widespread sowing of landmines erodes a nation's socio-economic infrastructure, leads to massive displacement of population on long-term basis, and disrupts regional order in the process.

Another factor that, absent international controls, is likely to exacerbate the global landmine problem, is the emergence of an ever-growing number of nations, particularly from the developing world, that are producing and exporting landmines. Nations such as Singapore and Pakistan have become significant producers and aggressive exporters of landmines. China has emerged over the past five years as a top exporter of landmines, and is likely to try to further expand its market. Moreover, the break-up of the former Soviet Union and Yugoslavia will result in additional manufacturers and suppliers.

The existence of additional producers will not only increase the global inventory of landmines, but will also increase the likelihood of expanded illegal trade in landmines and trade in defiance of international embargoes.

RECOMMENDATIONS

In light of these many indicators that the landmine problem is likely to get much worse, the case for a ban on production, trade and

use of anti-personnel landmines seems compelling and urgent. Pending such a ban, the U.S. should extend its moratorium on A/P landmine exports and urge other nations to adopt a similar position. There should be no exceptions for certain types of A/P landmines in either the export moratorium or the comprehensive ban.

(1) Extend the U.S. moratorium on exports

It is hard to overstate the importance of the U.S. moratorium in raising awareness in this country and around the world of the seriousness of the landmine situation. Subsequently, the European Parliament called for a five-year moratorium on exports and France announced it had suspended exports of A/P mines indefinitely.

An export moratorium is valuable as an interim measure that sets a standard for state behavior, focuses world attention on the use of mines, and provides momentum toward more far-reaching limitations.

While I would prefer to see the enactment of a permanent ban on exports, it is most crucial that the U.S. extend its moratorium at least through the process of the U.N. review conference on the landmine protocol, that is, a period of three years.

(2) Make no exception for S/D or S/N mines

Some people who are sensitive to the problem of landmines believe that the best solution is to require that all mines contain self-destruct (S/D) or self-neutralizing (S/N) mechanisms. It is true that such a step would save some lives, but the impact on the overall global landmine problem would be marginal.

It is extremely unlikely that less developed nations, who do not produce S/D or S/N mines, would agree to a ban on the mines that they produce while permitting the more advanced nations to continue producing the latest mines in their arsenals. It is necessary to have one single standard for all nations of the world, both from a moral and a practical standpoint. Anti-personnel landmines should be treated in the same fashion as chemical weapons--those who use them are outlaws, and should be stigmatized as such. Moreover, a total ban on anti-personnel landmines will be easier to monitor and enforce than one with major exceptions.

There is also no escaping the fact that, like every other type of mine, S/D and S/N mines can and will be used in an indiscriminate fashion. Whether they blow up or become inert in a matter of years, months, weeks, or days, they can be used in an irresponsible fashion that poses dangers to civilian non-combatants. Most mines of this type that are currently being produced are scatterable mines, which are indiscriminate by nature.

There are problems specific to S-D and S-N mines. In the case of self-destructing mines, they pose a danger to civilians merely by the fact that they have no idea when the mines will explode. S-D minefields could be deliberately set to randomly self-destruct.

In the case of self-neutralizing mines, there is the problem that the explosive charge remains in the ground, and can over time become dangerous. It can also be dug up and reused or resold. Moreover, mechanisms to make a mine self-neutralizing, and mechanisms to indicate if a mine is neutralized, can be tampered with to produce booby-trap.

A minefield with S/N or S/D mines would seemingly be safer for civilians, but by no means would it be safe. If civilians cannot be sure a minefield is safe, they should not--and except in extreme desperation will not--return to occupy or reuse the land. S/D and S/N mechanisms are not and never will be foolproof. The failure rate for S/D mines is estimated at 10%; S/N mines may be somewhat more reliable. The accepted standard for humanitarian mine clearance is 99.9% certainty. Even with S/D or S/N mines, deminers will have to clear entire fields just as if each mine was live. It will involve the same amount of time and cost.

(3) Fund Demining activities

The need for vastly expanded international funding of demining activities is evident, if the many nations plagued by landmines are to have any hope of resuming normal peacetime social and economic activities. The United States should provide significant resources, not just in the great humanitarian tradition of this nation, but because it bears a special responsibility owing to the presence of U.S.-manufactured mines in so many nations and to U.S. support of so many governments and insurgent groups that have used landmines.

I realize that the foreign operations bill is not likely to be the vehicle for large increases in demining funds, but I encourage the subcommittee to do what it can to see that more adequate funds are found; obviously, the defense bill is the logical place.

(4) Ratify, then Rewrite, the Landmines Protocol

The 1980 Landmines Protocol has clearly been a failure. Nevertheless, it would probably be useful for the United States to ratify the existing protocol, if it does so with official reservations. The U.S. should state that it views the protocol as a flawed document in need of serious revision, and that ratification is simply a means of hastening the process of moving toward a meaningful protocol or some other international agreement limiting or banning production, stockpiling, trade and use of A/P landmines.

(5) Ban Production, Stockpiling, and Use of A/P Mines

Even if there was a permanent ban of exports of all types of A/P landmines, and even if funding for demining activities was increased many times over, and even if the protocol was ratified by every nation, the landmines problem would not go away. Indeed, it might still continue to worsen.

Because A/P landmines are so easy and cheap to make and to deploy, and because combatants in wars will nearly always abuse landmines if they have them, the only real solution to widespread indiscriminate use of these insidious weapons is to ban them altogether--production, stockpiling, and use.

While I applaud the effort by the Chairman and this subcommittee to stop exports of A/P landmines, it will ultimately be a hollow gesture unless curbs on production are also achieved. The sooner we can move beyond the export question, and address the production issue, the sooner we will begin to have a real impact on the human suffering caused by landmines around the globe.

Thank you, Mr. Chairman and members of the subcommittee.

Table I: Known A/P mine producers

(Minimum number of A/P products per country)

Country	Models
Argentina	3
Austria	14
Belgium	8
Brazil	2
Bulgaria	2
Canada	1
Chile	5
China	7
Cyprus	1
Czechoslovakia (former)	6
Denmark	4
Egypt	4
El Salvador	1
France	14
Germany (combined)	17
East	
West	
Greece	2
Hungary	6
India	2
Iraq	3
Israel	3
Italy	32
Japan	2
Korea, North	4
Korea, South	3
Mexico	1
Netherlands	3
Pakistan	5
Peru	1
Poland	1
Portugal	6
Romania	3
Singapore	3
South Africa	2
Spain	7
Sweden	18
Switzerland	5
Taiwan	2
UK	9
USA	40
USSR (ex)	28
Venezuela	1
Vietnam	12
Yugoslavia	14
Total	307

Sources: Jane's *Military Vehicles and Logistics*, 1992-93 and 1993-94 Forecast

International Ordnance and Munitions Forecast

U.S. Army Countermining Systems Directorate, *Worldwide Informational Mine Guide*, 1993

Press reports and Arms project interviews.

- Notes: Mines produced in more than one country are counted separately as products of each country.
- Mines produced by more than one manufacturer in a country are counted once for that country.
- Multi-purpose mines, field-improvised A/p mines and A/T, limpet or other mines sometimes adapted for A/P purposes are excluded from the table.

Table II: Known exporters of A/P landmines

ORG	CITY	COUNTRY
Poudres Reunie de Belgue (PRB SA)	Brussels	Belgium
Qulmca Tupan SA	Rio de Janeiro	Brazil
Not Given		Bulgaria
SNC Industrial Technologies Inc.	Le Gardeur	Canada
Metalnor SA		Chile
China North Industries Corporation	Beijing	China
Chinese State Arsenals		China
Czechoslovak State Factories		Czechoslovakia
Heliopolis Company for Chemical Industries	Haikstep, Helioplis	Egypt
Societe d'Armement et d'Etudes Alsetex	Paris	France
Not given		Germany (former FRG)
Former East German state factories		Germany (former GDR)
Hungarian State Factories		Hungary
Explosive Industries Ltd.	Tel Aviv	Israel
Israel Military Industries (aka TAAS)	Ramat Hasharon	Israel
BPD Difesa e Spazio srl (Misar)	Colleferro (Rome)	Italy
Tecnovar Italiana SpA	Bari	Italy
Valsella Meccanotecnica SpA	Brescia	Italy
Pakistan Ordnance Factories	Wah Cantt	Pakistan
Sociedade Portuguesa de Explosivos (SARL)	Lisbon	Portugal
Romanian State Factories		Romania
Chartered Industries of Singapore		Singapore
Denel Ltd. (Successor to Armscor)	Pretoria	South Africa
Explosivos Alaveses SA	Madrid	Spain
Swedish Ordnance - Bofors Ordnance/Forenad	Eskilstuna	Sweden
Thorn/EMI Electronics	Feltham, Middlesex	UK
Alliant Techsystems	Edina	USA
Mason-Hanger		USA
Thiokol Corp.	Shreveport	USA
ELECTRONINTORG Ltd.	Moscow	USSR (ex)
Soviet State Factories		USSR (ex)
State Factories		Vietnam
Federal Directorate of Supply & Procurement (SDP)	Beograd	Yugoslavia (ex)

Notes: "Not given" means nation is known to have exported, but available sources do not provide full information on identity of exporting company or agency. Listed firms have been identified on the basis of specific transactions and/or out-of-country deployment of their known, unique A/P landmine products.

List includes one company, ELECTRONINTORG, which is known to be advertising A/P mines for export, but is not confirmed as having consummated any transactions.

List also omits suspected A/P landmine exporters in those cases where we could neither confirm specific transactions nor foreign deployment of mines.

STATEMENT OF WILLIAM E. CASTLE, DIRECTOR, NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

Mr. Chairman, Members of the Subcommittee, thank you for providing me the opportunity to submit testimony for the record on your public witness hearings. I am William Castle, president of International Deafness Outreach, Inc. and Director of the National Technical Institute for the Deaf. In my statement, I would like to provide the Subcommittee with some background information on the international educational opportunities for deaf people that exist today, as well as a number of proposals for expanding or enhancing those opportunities in the future.

The International State of Education of Deaf People

The World Health Organization has estimated that in 1985 there were 11.8 million severely and profoundly hearing-impaired people throughout the world and that by the year 2000 this number will reach 16.3 million.

Most of these individuals have educational and vocational needs that are unmet because of a lack of adequate programs and resources. This is especially true in developing countries in the Asian-Pacific Basin, eastern Europe, Latin America, Africa, and the Middle East. Because of the particular state of their economies, some of the worst cases exist in China, India, Pakistan, Indonesia, Nepal, and East and West Africa, all nations with rapidly increasing populations. Services for deaf children in these countries fare poorly in competition with the limited services available for children with no disabilities. Some countries, particularly in Africa, continue to rely heavily on missionaries and foreign charities to provide even the most basic level of services.

In particular, except in Israel, Sweden, Holland, and Japan, little is done regarding early identification; this is true even in the United States where the average age of identification of congenital deafness in children is two and one-half years. Few countries other than Japan, the United States, and Israel as well as those in Scandinavia and Western Europe provide preschool educational programs for deaf children.

Elementary education for deaf children in the developing countries of the Asian-Pacific region, Eastern Europe, Latin America, the Near East, and Africa is limited, and secondary education for deaf students is virtually non-existent.

In most developing countries where special programs for deaf children do exist, they are managed by generalists in special education rather than specially trained educators of deaf students. In these same countries, as a rule, no training programs for teachers of deaf students are available; neither are there programs to train speech pathologists and audiologists, of which there are few, if any. The usual classroom teacher is not truly qualified to teach deaf children, and the usual school is ill-equipped. Those schools that have had modern, sophisticated equipment donated do not have personnel who know how to use such equipment. In addition, there is a dearth of professional literature about deafness and education of deaf people.

The United States and Japan are the only two countries in the entire world that provide postsecondary education designed especially for young deaf people. Vocational training for deaf people in most countries other than the United States, Japan, and those in Scandinavia and Western Europe generally is limited to car repair, carpentry, mechanical drawing, sewing, and printing. Indeed in most countries, no vocational/technical programs exist nor are there necessary trained personnel equipped to prepare young deaf adults for careers. Without such training, as these countries enter the technological world of the 21st century, opportunities will continue to pass by deaf individuals.

With the exceptions of Japan, New Zealand, Canada, and Western European and Scandinavian countries, there is very little progressive thinking about what might be done to capitalize on the inherent capabilities of deaf people; and even in most of the forward-thinking countries, aspirations of and for deaf people are not high enough. It is clear that, for the most part, deaf people around the world are being relegated to the most menial types of positions with little thought given by them or others about the possibility that many of them could do better if given the opportunity. The haunting suggestion that there are very few things that deaf people can be trained to do still is pervasive; and where there may be some faith that deaf people could do better and could be instilled with greater aspirations, there always is the excuse that economic or social factors will not allow it. With respect to career development, most people in the world, including most teachers, parents, and counselors of deaf people, and even deaf people themselves, continue to stereotype deaf individuals.

The National Technical Institute for the Deaf

The National Technical Institute for the Deaf, a college of the Rochester Institute of Technology, will celebrate its 25th year as America's only technical college for deaf students in 1993.

During this time, NTID has provided young deaf people in the United States with the technical, personal, social, and communication skills that prepare them for work in business and industry. NTID also has trained professionals to address the special needs of the deaf population, pursued a research program designed to enhance the economic, educational, sociological, and psychological accommodations of deaf people, and undertaken an active program of sharing what has been learned with others who are allied with the education of deaf people.

NTID is uniquely capable of extending great assistance to deaf students in other nations as well as within the United States, and seeks to respond positively to the many requests received from those in need. Unfortunately, NTID is greatly limited by a lack of sufficient resources. As with many colleges and universities, current budgets already are stretched to meet ongoing educational objectives. NTID must maintain its commitment to educate its 1,100 deaf students at the Institute. New initiatives will only be possible through private investment.

International Deafness Outreach, Inc. -- Mission and Goals

To embark on this new challenge, steps have been taken to establish an independent corporation known as the International Deafness Outreach, Inc. (IDO). IDO has been incorporated in accordance with the laws of New York State. It is a 501(c)(3) tax exempt entity and will have its own board of directors. IDO will be located in Rochester, New York. Although it will have a relationship to NTID, since the director of NTID will serve as president of IDO and as the unsalaried chairman of the board, it will have no legal tie to the unsalaried board of trustees of Rochester Institute of Technology, NTID's host institution. The primary purpose of IDO is to seek public and private dollars and gifts-in-kind to support a program of activities in fulfillment of its mission.

Among the objectives of the IDO will be the following:

1. Provide scholarships for highly qualified deaf international students and deaf and hearing international interns to study at Rochester Institute of Technology, home of the National Technical Institute for the Deaf, the world's most renowned institution regarding career development of deaf people.
2. Provide equipment and supplies that will foster the career development of deaf people in developing countries. This assistance may include instructional technology and assistive devices such as hearing aids, telecommunication devices for the deaf, television decoders, and induction loop systems as well as other forms of assistive listening devices.
3. Promote pre-service and in-service training as well as internship opportunities for individuals who are or who aspire to become professionals serving people who are deaf -- e.g., teachers, educational resource specialists, parent trainers, counselors, interpreters, interpreter trainers, sign language teachers, audiologists, speech pathologists, language specialists, reading and writing specialist, psychologists, social workers, researchers, and educational administrators.
4. Promote the provision of information and consultation for programs, services, and financial support that help prepare students who are deaf to pursue career opportunities in professional, technical, vocation, and service-related fields.

Conclusion

Thank you, again, for providing me the opportunity to present to the Subcommittee some the most critical unmet needs of deaf students across the world, as well as some of IDO's preliminary proposals for addressing these needs. I would welcome the input of members of the Subcommittee regarding the direction of the proposal, and hope that additional opportunities will arise in the future for IDO to update the Subcommittee on its activities as they develop.

STATEMENT OF THE NATIONAL GRAIN SORGHUM PRODUCERS

Mr. Chairman and members of the Committee, my name is Jack Eberspacher. I am the chief executive officer of the National Grain Sorghum Producers. It is my privilege to represent our president and board of directors today. I am sure that you can appreciate their busy schedules at this time of the year.

This is the first time that the National Grain Sorghum Producers has testified on behalf of the Collaborative Research Support Programs (C.R.S.P.). Since our association implemented a significant re-organization plan three years ago, we have taken the necessary steps to ensure the proper support and recognition for grain sorghum. Sorghum offers producers in the United States risk management because of its resistance to drought, its heat tolerance and its ability to withstand aflatoxin contamination. It is a reliable cash crop with an average value of \$1.1 billion annually.

It has been well documented that 70% of all crop losses are due to lack of rain or drought conditions. In an eight-year economic comparison study with corn, sorghum outperformed corn by an average of \$7 an acre when farm program support payments are not taken into consideration (see attachment Missouri Study). Greater economic return for sorghum is a result of its ability to withstand heat and drought conditions.

C.R.S.P. has made a significant contribution to the development of varieties that are resistant to various insect pests. The sorghum industry has one of the more complete integrated pest management programs available today. Production of sorghum requires less inputs in fertilizers and pesticides, making it one of the most environmentally friendly crops grown in the United States today.

One of the specific contributions that has been made to the U.S. sorghum industry through C.R.S.P. has been the development of greenbug resistant varieties of sorghum. In a study conducted at Texas A&M University, these resistant sorghum lines were estimated to have had an economic return to producers and consumers in the United States of \$300 million. Current research in the area of midge resistant varieties will soon be another huge success story for C.R.S.P.

Without the Collaborative Research Support Programs, it would be impossible for the U.S. sorghum industry to pursue these progressive plant breeding efforts. U.S. producers provide additional financial support to be leveraged with programs in various land grant universities that conduct research supported by C.R.S.P. These programs and cooperative research opportunities are mutually beneficial to U.S. producers as well as to starving people in third world countries.

An excellent example of the critical role sorghum can play is in a country like Somalia. Drought-prone countries can benefit from learning to produce sorghum. Sorghum starch is an excellent food staple for breads and cereals. Which would you prefer - to have U.S. troops in Somalia or to have Somalians producing and caring for themselves.

Many people don't realize it, but a bushel of sorghum will produce as much ethanol as a bushel of corn. Sorghum stalks (stubble) are an excellent raw material for processing paper or particle board.

The U.S. sorghum industry has benefited by C.R.S.P. bringing in new germ plasma, which has aided in increasing the nutritional value of sorghum. Research in the last three

years indicates that in dairy production, steam-flaked grain sorghum can boost milk protein. With the dairy industry moving to a protein-pricing system, this offers U.S. dairymen an opportunity to generate an additional \$20,000 per 100 cows (see attachment).

Steam-flaked grain sorghum has the ability to compete equally with corn in other livestock feeds such as for beef cattle. A recently developed enzyme to assist in starch breakdown may enable sorghum to even out-perform other more popular energy sources for livestock feeds.

It is more essential than ever that U.S. farmers develop sound risk management programs and increase rural economic stability. The sorghum industry is on the verge of significant expansion. One barrier to be removed that will allow grain sorghum production to flourish will be the establishment of a level playing field in farm program support prices for feedgrains. National Grain Sorghum Producers is currently working on that issue.

A study conducted by economists at Texas A&M University indicates that if a level playing field in farm programs for feedgrains is accomplished, sorghum acres will eventually expand from the current 11 million acres to 20 million acres. The expansion of sorghum production will take place in areas of the United States where drought conditions are more prevalent. Farmers' profits could increase 3% to 4%. To the credit of the Collaborative Research Support Programs, producers and consumers in the United States as well as other countries will benefit.

I appreciate the opportunity to speak to you today on behalf of U.S. grain sorghum producers. If there are any questions that I may answer at this time, I would be happy to do so.

Grain Sorghum Profitability Study University of Missouri Hundley-Whaley Research Farm, Albany, Missouri

This study is intended to monitor the production costs and income of corn and grain sorghum over several years to determine which crop results in the best profit under our soil and climate conditions, and to compare the year to year consistency of income for each crop. Both crops are managed to produce practical yields.

The study has shown that:

- Grain sorghum is a crop for managing the risk of crop loss due to dry weather.
- Grain sorghum usually costs less to produce and yields are less affected by dry weather than corn.
- Grain sorghum has been more consistent than corn and not as risky.
- Corn has had more fluctuation in economic return than grain sorghum throughout the study.
- Corn has cost an average of \$23.03/acre/year more to produce than grain sorghum

Return to land and management in dollars per acre for corn and grain sorghum in past years at the Hundley-Whaley Research Farm, Albany, Missouri.

<u>Year:</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>Eight Year Avg</u>
Corn w/o gov. pay.	1.75	-60.92	116.78	-15.76	-5.56	67.83	228.93	89.50	52.82
Corn with gov. pay.	45.91	41.20	230.72	47.33	48.35	148.49	266.65	133.66	120.29
Milo w/o gov. pay.	101.16	-23.40	38.45	17.28	55.88	85.25	214.31	-8.86	60.01
Milo with gov. pay.	137.50	60.34	133.81	71.00	108.02	155.39	243.54	27.50	117.14

- Only three years out of the eight has corn without government payments been more profitable than grain sorghum.
- Over the past eight years, without government programs, grain sorghum would have made \$57.52 more per acre than corn, or an average of \$7.19/acre/year.
- Differences in government programs have made up the difference between the average return for corn and grain sorghum over the eight years, with corn resulting in \$3.12/acre/year more than grain sorghum.
- U.S. farm policy sets the loan rate and target price of sorghum at less than corn.

STATEMENT OF THE TEXAS GRAIN SORGHUM BOARD

Research shows steam-flaked sorghum boosts dairy profits

Results from recent dairy research shows that dairymen can increase their profits as much as 65 cents per day per cow by switching from corn to steam-flaked grain sorghum. Seven lactation trials involving 215 cows in early to mid lactation were recently conducted at the University of Arizona Dairy Cattle Center. The research, funded by the Texas Grain Sorghum Producers Board, showed the following results:

When fed at 30 to 45% of the diet dry matter, steam-flaked sorghum (SFS - 28 lb/bu) out-performed steam-rolled corn (SRC) and dry-rolled sorghum (DRS), but was equal to steam-rolled corn (SRC) for milk and milk protein yields, as well as efficiency of feed utilization. A very flat sorghum flake (21 lb/bu) fed at 40% decreased intake and performance, but increased milk production when fed at 15% of the diet.

Summarization of data from six studies showed that steam flaking of sorghum grain (27 to 31 lb/bu) increased milk production an average of 10%, milk fat yield 4%, milk protein yield 16% and feed efficiency 7%, compared to dry-rolled sorghum. The improved performance with steam-flaked grains appeared related to ruminant and total starch digestion.

Table 1. Effect of flaking sorghum on dairy cow performance.

Item	Sorghum comparisons ¹		Change (%)	Sorghum vs corn ²		
	DRS	SFS		SRC	DRS	SFS
Number of cows	69	67	--	15	15	15
Ruminal starch dig. % ²	54	78	44	70	60	81
Total starch dig. %	76	95	25	87	78	95
Dry matter intake (lb/day)	53.6	53.8	0	54.9	55.8	55.6
Milk, lb/day	68.8	75.9	10	68.8	66.6	72.8
3.5% FCM, lb/day	66.8	71.0	6	67.0	65.7	70.1
FCM/DMI	1.30	1.39	7	1.26	1.20	1.30
Milk fat, %	3.35	3.19	-5	3.34	3.42	3.40
Milk fat, lb/day	2.29	2.39	4	2.29	2.29	2.40
Milk protein, %	2.90	3.03	4	2.95	2.88	3.06
Milk protein, lb/day	1.98	2.29	16	1.98	1.92	2.23

¹Summary of six 56- to 80-day lactation trials.

²Summary of two 80- and 70-day lactation trials.

³From metabolic trials of Poore et al. (1990) and Oliveira (1991).

Table 2. Increased profits from feeding steam-flaked sorghum compared to dry-rolled sorghum or steam-rolled corn to lactating dairy cows.¹

Assumptions:

- 1) Cost of flaking sorghum = \$10/ton or .5 cents/lb; sorghum intake by cows = 20 lb/day @ .5 cents/lb = 10 cents/day.
- 2) Uniform blend price of milk (Mar, 1992, in Dallas, TX) = \$13.22 with 10 cents differential for protein (base = 3.1%) and 8.1 cents differential for fat (base = 3.5%).

Processing benefits:

Steam-flaked vs dry-rolled sorghum: value of milk = \$9.79 (SFS) vs \$8.87 (DRS).

Increased profit = 92 cents/d/cow - 10 cents (for flaking) = 82 cents. For 100-cow herd (300 d) = \$24,600.

Steam-flaked sorghum vs steam-rolled corn²: value of milk = \$9.55 (SFS) vs \$8.90 (SRC).

Increased profit = 65 cents/d/cow. For 100-cow herd (300 d) = \$19,500.

¹Data from Table 1 values.

²Cost of SFS and SRC was equal. (U of A, Apr. 92)

STATEMENT OF THE COLLABORATIVE RESEARCH SUPPORT PROGRAMS COUNCIL (CRSP)

We have reached a time in which global philosophies have changed drastically. There is a strong awareness of the relationship between the impact of population growth and degradation of the environment. The world population doubled from 2.6 to 5.2 billion between 1950 and 1990, and is projected to reach 8 billion by the year 2020. To feed, clothe, and house this growing population will require a integrated approach. A major environmental consideration is the effect of this growing population on environmental sustainability. In the developing world, population, environmental sustainability, and poverty are all inter-related. The interaction of these three factors creates an exponential need for increased agricultural production, poses greater impact on sustainability of natural resources, and causes greater exploitation of the environment.

The World Commission on Environment and Development defined Sustainable Development as: "Development that meets the needs of the present without compromising the ability of future generations to meet their needs". We face enormous challenges in maintaining soil and water quality, biodiversity, food production and distribution, and appropriate information exchange, all of which are related to global sustainability and food security in supporting an ever expanding population.

The Collaborative Research Support Programs (CRSPs) provide a proven mechanism to bring together the components of the whole. The CRSPs were formed in the late 1970's to implement part of Title XII legislation, which was enacted by Congress in 1975. Our strong base of U.S. scientific capability from the U.S. Land-Grant and Sea-Grant universities is linked collaboratively with developing country scientists to help farmers increase their incomes and alleviate hunger without depleting the natural resource base upon which they depend for food, fuel, fiber, and shelter.

It is very appropriate to use the research base of the U.S. Land-Grant and Sea-Grant universities in international development, since our food production efficiency has allowed diversification of the American economy. An efficient agricultural sector lowers food costs and permits others in the work force to pursue other industrialized employment. If a developing country economy is to support a viable democracy, the country must develop a strong and productive agricultural sector.

The collaborative research mode is one of the most efficient mechanisms to build capacity for food production and distribution research in the developing countries. Collaborative research programs also have a strong track record in relation to the development of sustainable institutions and programs. Collaborative research has significant spin-offs for U.S. agriculture and food distribution. The economic impact of CRSP research in the U.S. alone exceeds the total cost of the CRSP programs since their inception.

The CRSPs have a history of success by helping to meet basic human needs while maintaining and/or enhancing the environment. There are presently eight CRSPs coordinated and funded by USAID through grants covering a wide range of research areas, which work through U.S. universities from 29 states and Puerto Rico and through partner institutions in 32 developing countries.

The eight CRSPs are Small Ruminant, Sorghum and Millet, Bean and Cowpea, Soil Management, Peanut, Fisheries Stock Assessment, Pond Dynamics/Aquaculture, and Sustainable Agriculture and Natural Resource Management. An Integrated Pest Management CRSP is in the planning stage. The collaborative nature of the CRSPs brings together resources of developing countries and U.S. institutions to increase the efficiency of food production systems of developing countries, with returns that are also beneficial to the United States.

IMPACTS

There are some broad environmental and sustainability concerns that are addressed by the CRSPs, particularly the Soil Management and the Sustainable Agriculture and Natural Resource Management CRSPs.

We have a challenge to provide leadership to social equity. By the year 2020, world population will have doubled. Now there is about 0.3 hectares of arable land for every person. By the year 2020, this will fall to 0.15 hectares per person. Our present production technology requires about 0.5 hectares per person (even more than what is now available), so we must shift technology generation into catch-up gear if we are going to meet today's basic human requirements and provide for future equity.

So that developing country children might receive equity, the Sorghum and millet and Soil Management CRSPs are collaborating with the Honduras Ministry of Natural Resources through the "LUPE Project" to incorporate improved sorghum production technologies with environmentally sound soil and water conservation practices.

People need to be provided alternatives. As an example, coca production in the humid tropics of Bolivia and Peru has become a social problem in these developing countries. Will children in these countries grow up with the production technology means to provide for their families without resorting to coca production? A Soil Management CRSP socio-economic survey revealed that farmers in the Chapare of Bolivia are ready to accept new crops (peach palm, pineapple, black pepper, bananas, citrus, etc.), but want production technology and need marketing systems services. The Government of Bolivia has requested help to adapt humid tropics soil management and production technologies collaboratively developed in Yurimaguas, Peru into the Chapare of Bolivia. The objective is to replace coca with these perennial tropical crops that have ready markets in nearby industrialized Argentina and Chile. The goal is to develop sustainable and environmentally friendly "managed humid tropical rainforest systems." Similar needs and examples could be cited for other countries and regions.

The most recent CRSP is the Sustainable Agriculture and Natural Resource Management (SANREM) CRSP which was established in August 1992 to provide special leadership in solving problems of sustainability. The SANREM CRSP takes a very innovative approach to natural resource management research and information exchange by utilizing a landscape approach that focuses on linkages of food production with the environmental and the natural resource base.

The SANREM CRSP puts the traditionally "last" first by including the end-user or farmer. In this approach the linkages and interactions within the landscape and lifescape are considered and strategies for appropriate policy changes are identified. The outcome of the planning process is a fully integrated work plan based on the elements of sustainability which reflects the people's needs and provides for short and long term strategic research objectives.

The SANREM CRSP is implemented by a consortium of nine U.S. and 21 host country institutions that include universities, national programs, international agricultural research centers, non-governmental organizations, and farmer groups. The SANREM CRSP is currently working in the Philippines and Burkina Faso with proposed additional sites in Honduras and Ecuador.

Many impacts produced by research of the CRSPs are components of improved environmental and sustainable production and food delivery systems. We can group these impacts into five areas: Genetic Resources, Pest and Disease Management, Natural Resource Management, Food Delivery Systems, and Human Resource Development and Technology Transfer.

Genetic Resource Enhancement

Genetic resource enhancement uses a worldwide pool of germplasm for genetic improvement of plants and animals in order to increase production with minimal chemical inputs.

In Kenya, the Small Ruminant CRSP has been breeding a Dual Purpose Goat, which is a four-way cross that results in a genetically improved animal that produces more milk and meat for farmers. This goat is highly demanded by farmers, not only because it provides products that improve the nutrition and income of smallholder farm families, but also because it produces a greater yield of manure. This manure helps reduce the need to purchase fertilizer thereby improving the sustainability of small holder farms.

In the United States, Sorghum and Millet CRSP research has introduced several new sorghum hybrids between 1979 and 1989. These food-quality varieties are far superior to the red sorghums, previously used for livestock and poultry feed and for export to Mexico. Estimates show a net gain of \$183 million to the U.S. agricultural economy in the last 10 years. Over this same period, research costs were only \$7 million - a 38% annual rate of return.

Genetic resistance to most pests and diseases affecting peanut is found in wild species that do not cross with the cultivated species. Peanut CRSP researchers are employing new biotechnology techniques to transfer the desired genes to cultivated species. The gene that gives resistance to tomato spotted wilt virus in peanut has been transferred to susceptible germplasm and the progeny is being tested for resistance to the virus. This technology can contribute greatly to the breeding of pest and disease resistant peanut germplasm for sustainable production systems.

In Jamaica, the Peanut CRSP and the Caribbean Agricultural Research and Development Institute developed and released a higher yielding, disease-tolerant peanut variety. This variety is being adopted by farmers and yields 42% more than traditional varieties, in addition to having improved quality characteristics. The increase in income of small-scale farmers growing the new variety should reach \$600,000 this year.

The Bean/Cowpea CRSP has supplied new germplasm to buffer the serious consequences of past genetic erosion of bean and cowpea germplasm in the U.S.

For the first time, transgenic beans have been developed. The new particle gun technology for making transgenic plants was developed in collaboration with a private company.

Several states have released new bean cultivars developed by Bean/Cowpea CRSP breeders. In Michigan, new bean varieties developed from germplasm collected in developing countries increased yields by 20-25%. In a normal year the increase can mean over 3.7 million extra dollars for Michigan growers. One new red kidney bean variety was released in New York. It can yield 30 percent more than the old variety, which translates to \$150,000 more per year for New York growers.

One goal of the CRSPs is to help farmers improve their incomes and alleviate hunger, without depleting the natural resource base upon which we all depend. The Pond Dynamics/Aquaculture CRSP works with scientists and technicians in host countries to insure water quality, not only for fish ponds, but for the larger ecosystems. The premier water quality lab in East Central Africa is run by the PD/A CRSP in Rwanda. In Honduras, the PD/A CRSP helps shrimp farmers and the Honduran government analyze the quality of water discharged from ponds, protecting sensitive mangroves and estuaries.

Pest and Disease Management

A major concern of sustainable agriculture is controlling pests and diseases without damaging the environment. Effective and safe pest and disease control means reducing the use of chemicals, which leads to IPM or Integrated Pest Management strategies. All CRSPs emphasize good growing practices as important controls of diseases and insects.

In North Carolina and Virginia, the southern corn rootworm is a serious pest for peanut growers. The Peanut CRSP has identified a tolerant variety, NC-6, which can cut chemical use in half. Further, chemicals are applied only when the pest reaches economic threshold levels. A recent impact study of using pheromone traps to determine thresholds showed that chemical application could be eliminated on 42,000 acres of Virginia and North Carolina peanut, reducing the amount of chemicals applied by 42 tons or a savings of \$840,000.

The cowpea weevil is a serious pest in Cameroon. In three short months it can destroy over 50% of the stored grain. The Bean/Cowpea CRSP found that exposing cowpea to high temperatures effectively kills these pests. They designed a solar heater, cheap and easy to build, that can be used by limited resource farmers throughout the world. Its use significantly reduces the need for dangerous and expensive chemicals.

The value of sorghum at the U.S. farmgate is about \$840 million annually. Greenbug damage has been estimated at \$40 million per year. Sorghum and Millet CRSP researchers developed greenbug resistant varieties that are used extensively in the U.S. A recent economic analysis has shown that these new varieties result in a net gain to the U.S. of \$38.9 million per year; an annual rate of return of 48%.

Striga is a parasitic weed that has a devastating impact on sorghum and millet production throughout large areas of Africa. An African based study estimates that Striga causes the loss of up to 40% of potential sorghum and millet production in Africa each year. Sorghum and Millet CRSP researchers were the first to isolate the germination stimulant exuded from sorghum roots that initiates the sorghum/Striga parasitic relationship. Research breakthroughs have demonstrated: a way to disrupt the host-parasite interaction; a new genetic screening technique for predicting Striga resistance; and a time saving laboratory method for wider genetic screening for resistance. Progress is now being made in the development of cultivars which combine Striga resistance, drought tolerance, food quality, and increased yield.

Control of parasites in sheep on U.S. rangelands has normally been done by the use of chemicals, which is both costly and time consuming. Small Ruminant CRSP research has introduced parasite-resistance in sheep that can save U.S. producers up to \$39 million per year.

Natural Resource Management

Our natural resources must be wisely managed for sustainable food production. Pesticides, chemical fertilizers, and other external factors affect our ability to manage air, soil, and water resources. To help limit the use of external inputs, extensive CRSP efforts have been made to breed and adapt plants and animals to withstand environmental stresses, and fit into sustainable production systems. In addition, present plant, animal, and fish species are used in improved production systems.

Weeds are a serious problem in rubber tree plantations in Indonesia and are usually controlled with herbicides. The Small Ruminant CRSP has found that

grazing sheep under rubber trees reduces the need for herbicides and also reduces the pressure on pasture and forests by providing alternative forage. The Small Ruminant CRSP is working with the Rubber Tree Institute of Indonesia and smallholder farmers to increase the viability of this practice.

In Morocco, Small Ruminant CRSP researchers found that sheep can more effectively utilize cereal stubble through grazing as compared to traditional burning. This reduces potential air pollution and also recycles nutrients onto fields. Grazing cereal stubble also reduces pressure on pasture land by providing alternate forage for small ruminants. Cereal stubble grazing decreases residues that harbor diseases which carry over into following crops.

The Soil Management CRSP identified 17 million hectares of clay-loam soils across the Sahel region of West Africa that would be ideal for grain sorghum production. Farmer yields were found to be low and lands were abandoned because of low and uncertain yields. By planting on ridges and with small quantities of fertilizer, grain sorghum yields were increased by an average of 157% over four years, and cowpea yields were increased by an average of 123%. If these low risk management technologies can be used on clay-loam soils there is the potential to supply 56 million people with an additional kilogram of sorghum per day 365 days per year or 34 million people and additional 0.25 kilogram of cowpea per day.

When Indonesian families were being moved from overpopulated Java to West Sumatra little attention was given to the potential production capacity of soils under the burned remnants of tropical rainforests. These soils were found to be very acidic, and nutrient deficient, and would not support production of nutritious food crops. Families trying to earn their living on these soils suffered from malnutrition and other health problems because very few crops would grow. Soil Management CRSP researchers demonstrated that when lime was added with fertilizer, maize yields increased nearly six-fold and upland rice by two-fold. Yields of edible legumes were also greatly increased, peanut by 110%, mungbean by 600%, and soybean by 1000%, all demonstrated in farmers fields. These increases improved both the quantity and quality of food, thus improving nutrition and general health of these families.

Farmers in Niger face trying to support their families with limited and uncertain rainfall and badly degraded soil resources. Research by the Soil Management CRSP was organized as a farmer participation "Integrated Management of Agricultural Watershed" project. Farmer knowledge and plant and soil inventories served as the bases to incorporate improved food crop production and conservation practices. These interventions were introduced through full farmer participation so they would understand that what happens in one area of the watershed will effect all four villages in the watershed. The first year, sixteen farmers agreed to manage simple experiments in their fields. The recommended practices increased their yields of millet by over 500% and cowpea by over 600%. These farmers are excited because they now can feed their families on their limited, but more productive soils and can plant fast growing legume trees for fuel on their less productive soils. The watershed approach was quoted by a FAO scientist as a system that could lead to the "Greening of Sahelian Africa."

In Africa and South America, the Small Ruminant CRSP has made progress in finding new grass species and improving management practices to prevent over grazing by sheep, goats, llamas, and alpacas. These improved management systems help preserve vegetation and reduce soil erosion. They also provide food and income for farmers.

Aquaculture, valued at \$5 billion per year, is the fastest-growing segment of the U.S. agriculture industry. Tilapia, the Biblical miracle fish, is on its way to becoming as common as catfish. Production has increased 60% in the last two years, and growth is expected to continue. Tilapia is now grown in almost every state in the U.S., including such unlikely spots as Idaho and North Dakota, as producers take advantage of geothermal resources and waste heat from power plants and other industries. New producers can draw on the world's largest aquaculture database, created and maintained by the Pond Dynamics/Aquaculture CRSP, to help pond managers choose the most economically efficient combinations of organic or inorganic nutrient amendments, stocking densities, and length of growing time.

In Honduras, the Sorghum and Millet CRSP has worked through a national extension organization to protect fragile hillsides. Two new sorghum varieties were introduced for these hillside farms, which have increased farmer income by 15%.

The dual-purpose goat developed by the Small Ruminant CRSP in Kenya is being integrated into a maize grain-forage production system. Selective feeding of green plants and dry fodder after grain harvest can support two goats per hectare for 5 months. With careful management, a farmer can double net returns. Each dual-purpose goat generates an average of \$52 additional income per hectare.

Aquaculture CRSP researchers have developed state-of-the-art regimes for recycling nutrients and water. As a result, Arizona farmers can now grow a crop of fish before they use the water, laden with nutrient-rich fish waste, to

irrigate a crop of alfalfa or cotton. This practice conserves water and enhances system efficiency.

Fish are an extremely important food source worldwide with an annual catch greater than the combined production of beef and poultry. FAO estimates show that over half the population of developing countries obtain 40% or more of their total animal protein from fish. The U.S. fish import deficit is almost \$7 billion a year. About 90% of the annual fish catch comes from marine fisheries. About half of the world's fisheries harvest is from developing countries. Improved stock assessment and management of the world's fisheries are essential if we are to address the crucial issues of adequate nutrition in developing countries.

Fisheries Stock Assessment CRSP researchers from the University of Maryland and the University of Costa Rica developed a system that integrates fishery resource assessment, human resources development, and public and private sector activities. One of the major elements of the system is a fishery management tool called FISHMAP. Although designed for Costa Rica, FISHMAP was configured for Chesapeake Bay, which has an annual multi-million dollar budget for resource assessment. FISHMAP has provided significant improvements in abundance estimates and has resulted in at least a 50 percent reduction in the costs associated with fishery resource monitoring.

Fisheries Stock Assessment CRSP researchers from the University of Washington and the University of Costa Rica have developed techniques to measure the ageing of fish by examining "growth bands". As a result researchers are better able to establish growth characteristics to prevent overfishing.

As arable land becomes more scarce, Rwandan farmers are turning to aquaculture as a production alternative. Aquaculture CRSP researchers in Rwanda found that raising fish as a cash crop is more profitable for farmers than working for hire in other agricultural enterprises. Aquaculture also provides income opportunities for women, who comprise 25% of all fishfarmers in Rwanda. These activities increase family incomes by 14% or more, while improving household nutrition.

Food Delivery Systems

Sustainability in agriculture does not stop with crop and animal production. Production must be followed with an efficient system to deliver adequate supplies of quality food to prevent hunger and provide adequate nutrition.

Aflatoxin is a carcinogenic compound found in many food grains worldwide, including peanut. Peanut CRSP researchers working in Texas and Senegal used a commercially modified clay to remove aflatoxin from contaminated peanut oil, and to block aflatoxin adsorption in the livers of chickens. The clay essentially eliminates the aflatoxins passing through goats into milk. Locally available clays in Senegal are being tested and promise to be useful substitutes for the commercial clays. The potential of this new technology for managing aflatoxin contamination in peanut, and other grains such as corn, is invaluable.

Collaborative efforts in food technology that have involved The University of Georgia and Kasetsart and Cheing Mai Universities in Thailand have transferred processing and marketing technology for higher quality and more efficiently produced peanut products to village women in North Thailand. Selling value-added products rather than raw peanut nearly doubles their income. A similar project will begin soon in the Philippines with partial support from the Women in Development Program at USAID.

In Nigeria, the Bean/Cowpea program developed a system to process cowpea flour that has resulted in two village mills being operational. In addition to producing a better and more consistent flour for traditional foods, the mill removes the drudgery from hand grinding done by village women.

Human Resource Development

Reverse technology transfer of sustainable agricultural strategies from developing countries is of increasing importance to the U.S. One way in which the CRSPs have accelerated reverse technology transfer is through strong international linkages, reinforced by our unique training programs.

Collectively, since the inception of the program, the CRSPs have trained over 600 Ph.D. students and over 700 M.S. students. Some 70% of these are from developing countries and the remainder are from the U.S.

In addition, the CRSPs have developed and conducted short-term training programs that have improved the technical skills of about 4,000 developing country scientists.

The impact of CRSP research is greatly magnified by the large number of students from developing countries who study under CRSP sponsorship. Often these students

return to positions in their government or in industry where they can implement the improved technologies and production processes resulting from CRSP research.

For example, the Director General of the National Agronomic Research Institute in Niger, Dr. Mamadou Ouattara, is a Texas A&M University Ph.D. graduate sponsored by the Niger Soil Management CRSP program. The former Vice Minister of Agriculture of Bolivia, Dr. Jose Salinas, and now the Director General of The Bolivian national Institute of Research and Technology (similar to USDA) received a Ph.D. at North Carolina State University sponsored by the Soil Management CRSP. Dr. Moussa Traore, who's graduate program was sponsored by the Sorghum and Millet CRSP, is Vice Minister of Agriculture in Mali. Dr. Lucas Gakale, another Sorghum and Millet CRSP sponsored student is the Director of Agricultural Research Department in Botswana. Positive experiences in the collaborative training mode lead to requests to train other promising scientists from their countries. There are many other examples.

Experience received by Principal Investigators of CRSP projects in developing countries enables them to advance in their careers. For example, Dr. Amadou Ba of the Peanut CRSP in Senegal has been appointed Director of the Field Crops Section of ISRA. In Burkina Faso Peanut CRSP researchers have advanced; Dr. Alfred Traore is now serving as Rector of the University of Ouagadougou, and Dr. Philippe Sankara has been recently appointed Director of the Centre National de Recherches Scientifique et Technologique.

Training and technology transfer programs extend beyond the scientist level. Small holder farmers are provided goat production training in Indonesia, while new veterinary techniques are being taught in Peru. Transfer of technology has occurred through numerous other workshops and short-courses, publications, and through the outreach programs of developing countries, private entrepreneurs, and non-governmental organizations.

Vision

The CRSPs have a vision that will lead us into the 21st Century as significant contributors to international development.

The CRSPs are mature programs based on a sound concept. They have demonstrated their ability to enhance sustainable productivity and income in developing countries and the U.S. The CRSPs were conceived as long-term efforts to solve problems of inadequate food production and availability, and to train scientists capable of addressing problems relevant to the challenges of the future.

CRSP impacts result from collaboration in 29 states and Puerto Rico, from 15 countries in Africa, 5 in Asia, and 12 in Latin America. Collaboration exists with the international agricultural research centers and other international institutions, private volunteer organizations, and non-governmental organizations.

U.S. impacts are magnified by students from developing countries, who are studying in the U.S. under CRSP sponsorship.

There is a dramatic change occurring in the world. In a decade, a population increase equal to another China will be demanding food and a quality life. New arable lands to support this population are no longer available, therefore improved technologies will be necessary to meet their needs on existing lands.

The CRSPs have proven to be a low cost, highly productive system that can be used as a model to solve some of the most complex problems facing everyone.

If properly supported, the CRSPs still present the greatest opportunity for the U.S. to have sustainable impacts on the National Agricultural Research Systems in developing countries. Collaboration with these systems can develop their public and private capacity to respond to the issues of environmental conservation, sustainable agriculture, and economic enhancement through private investment so essential for improving conditions in lesser income countries.

Resources are becoming marginal for maintaining the CRSPs efforts in environmental enhancement and sustainable food production. The world has come to a major juncture in the direction it will take in solving global environment and sustainable agriculture problems. If properly supported, the CRSPs can respond to the tremendously complex challenges of the 21st Century.

That concludes our presentation. Once again, thank you for coming. We will be glad to entertain any questions at this time.

**STATEMENT OF RICHARD L. WITTENBERG, PRESIDENT AND
CHIEF EXECUTIVE OFFICER, AMERICAN ASSOCIATION FOR
WORLD HEALTH**

Mr Chairman,²

I am grateful for the opportunity to appear before you today to testify in support of extrabudgetary programs of the World Health Organization (WHO) and the Pan American Health Organization (PAHO).

My testimony represents the views of a number of national organizations concerned with health:

- American Association for World Health
- American Hospital Association
- American Lung Association
- American Medical Students Association
- American Nurses Association
- American Public Health Association
- Association of Schools of Public Health
- Educational Commission for Foreign Medical Graduates
- National Council for International Health
- National Education Association
- United Nations Association

In response to Member State concerns about budget growth, WHO and PAHO have in recent years been operating under a no-growth regular budget. The regular budget is financed by assessed contributions from Member States. In fact, as costs have increased and have been absorbed, there has been negative program growth. At the same time, there is increasing demand by countries for WHO/PAHO assistance. WHO and PAHO have responded by financing growing program needs from extrabudgetary resources which come to the Organizations as voluntary contributions from bilateral assistance agencies (e.g. AID), foundations, etc.

A number of programs of interest to this Subcommittee are primarily funded by extrabudgetary resources: the Global Program on AIDS (GPA); the Onchocerciasis Control Program in West Africa (OCP); the Expanded Program on Immunization (EPI); Diarrheal Diseases Control (CDD); Control of Acute Respiratory Infections (ARI); the Special Program for Research and Training in Tropical Diseases (TDR); the Program on Substance Abuse (PSA); and the Tuberculosis Program (TUB).

U.S. support for WHO's and PAHO's extrabudgetary programs comes through the Agency for International Development (AID). The WHO and PAHO programs funded by AID complement the Agency's bilateral activities and often involve WHO/AID collaboration in the field. However, WHO's extrabudgetary programs also cover areas not covered by AID, both in terms of technical development and geographical scope.

With respect to PAHO, extrabudgetary activities include all countries in the Americas and in many, AID and PAHO work collaboratively on mutually defined health and development objectives. Even where there is no AID direct support, PAHO engages AID as a participant in helping nations to define and respond to national health priority needs.

WHO works in all countries of the world, both industrialized and developing nations, using multilateral funds and international expertise, subject to oversight by the World Health Assembly composed of 183 Member States. WHO sets global policies and coordinates global action, facilitates international collaboration, strengthens government efforts through direct technical and financial support and supports international research.

PAHO acts in concert with the Centers for Disease Control and other U.S. and State health agencies to provide epidemiological surveillance throughout Latin America and the

Caribbean. PAHO's work has helped to keep recent epidemics in the hemisphere, such as cholera and dengue fever, from spreading to this country.

A comprehensive response to health development needs requires support for both the multilateral and the bilateral components. Support for WHO/PAHO extrabudgetary programs is critical to the success of child survival programs and efforts to improve the health of populations - so necessary for development.

GLOBAL PROGRAM ON AIDS

FY 1993 Appropriation	\$34 million
FY 1994 Requirement	\$36 million

The World Health Organization's Global Program on AIDS (GPA) directs and coordinates the global response to AIDS. GPA provides global leadership, delivers technical and financial support for national AIDS programs around the world, strengthens international AIDS research, and helps ensure a coordinated global response to the AIDS pandemic.

PAHO acted as the focal point in the Americas for GPA and carried out a series of special activities with member countries, including helping all countries to develop medium term national prevention and control plans, and within those establishing blood screening systems, public education campaigns to change sexual behavior and to promote safe sexual practices. PAHO also coordinated regional teleconferences on AIDS and has successfully obtained support from the Presidents of the Iberoamerican countries for a hemisphere-wide meeting on AIDS prevention and control.

As of January 1993, over 611 000 AIDS cases have been reported to WHO. But, because of under-recognition, under-reporting, and delays in reporting, WHO estimates that over 2.5 million adult AIDS cases may have occurred. Also as of early 1993, WHO estimates that approximately 12 million HIV infections in adults have occurred worldwide. In addition, as of early 1993, almost 1 million children are estimated to have been born HIV-infected, with over 90% of this total in sub-Saharan Africa.

Virtually all short-term (less than 5 years) projections predict that AIDS cases will at least double or triple in many areas of the world. Projections more than 5 years in the future are difficult to make, but WHO's projections indicate that by the year 2000 there will be a cumulative total of 30 to 40 million HIV infected persons and from 12 to 18 million cumulative AIDS cases in men, women and children.

AIDS during the 1990s will have a very selective and severe impact on adult and child mortality rates in many areas of the world. In addition, the socioeconomic impact of the disease will have repercussions in all sectors. For example, in 1992, the direct cost of AIDS to the health sector worldwide was \$5 billion annually. At present, 90% of these costs are in industrialized countries, although they account for only 22% of cases. However, with more than 80% of new infections occurring in developing countries, the burden on poor countries is increasing. Over the next seven years, developing countries, including some of the poorest in the world, will spend over a billion dollars on health care for AIDS patients.

The direct costs, however, are small in comparison to the indirect costs of the epidemic, which will hit hardest in developing countries. These indirect costs include, for example, loss of output from disability and premature death, loss of productivity among friends and relatives caring for those sick with AIDS, possible increase in wages because of labor shortages, loss of markets and damaged tourist industries. In addition, basic industrial, social and agricultural infrastructures will suffer long-term debilitation as a result of increasing infection and illness during the next several years. WHO estimates that the indirect costs of the epidemic could now be as high as \$50 billion per year worldwide.

In Sub-Saharan Africa the situation is the most dramatic. In 1987, WHO estimated that about 2.5 million HIV infections had occurred, mostly in towns and cities. Today, with the

epidemic affecting the rural areas too, WHO's conservative estimate is that the total number of HIV infections has reached over 7.5 million. From the outset, the virus has spread mainly through sex between men and women. As a result, in some large urban centers of Eastern and Central Africa, as many as a third of all men and women under 50 years old are now estimated to be infected. If current trends continue, mother-to-child transmission may result in up to ten million infected newborns by the year 2000. In addition, many more babies born to seropositive women will escape HIV infection but will lose their mothers to AIDS. WHO estimates that during the 1990s up to ten million such orphans will need to be fed, clothed, sheltered and educated.

What these dry statistics mean in human terms is almost unimaginable for those who have not seen the African pandemic at first hand. If the 1980s could be called the decade of HTV, then the 1990s should be called the decade of AIDS. Elderly people are being left without support as their grown children sicken and die. What remains of the extended family struggles to take care of the growing number of orphans, but many are abandoned. In the hardest hit areas, whole families and even villages are becoming extinct. Among the survivors, activities typically come to a complete halt once a week or more for funerals, as the community mourns its dead. Health services are overwhelmed: in some places, over half of all hospital beds in medical wards are occupied by people with HIV-related disease. Countries are losing their most productive workers - men and women in the prime of life who were the mainstays of agriculture, industry, commerce, education, health. Economic and even political destabilization is feared as a result of the epidemic's selective impact on young and middle-aged adults, who include members of the social, economic and political elites.

In Asia where HIV transmission began in only a few countries during the late 1980s, infection has been spreading rapidly. WHO foresees that the annual incidence in Asia will continue to rise until early in the next century. As a result, the annual number of HIV infections in Asia is expected to exceed the annual number in Africa some time during the mid to late 1990s. Those parts of the world which have been spared such consequences thus far are living on borrowed time. By the time HIV infection is identified in a group of persons with high-risk behavior, such as drug injecting or frequent exchange of sexual partners, the virus has often already spread to another high-risk group or to the general population.

The Pan American Health Organization estimates that more than 2 million people in the Western Hemisphere are infected with HIV. More than a million of these infections have occurred in North America and nearly a million in Latin America and the Caribbean. Latin America and the Caribbean are seeing a rapid upswing in the epidemic curve, similar to the situation in North America three to five years ago.

Countries in Asia and in the Western Hemisphere need to act now, immediately, if they are to avert the consequences of a runaway epidemic.

The global effort against AIDS is designed to help countries do just this. The aim is to prevent the spread of HIV, reduce the personal and social consequences of infection, and unify national and international action to stem the pandemic. In partnership with WHO, some 126 countries have drawn up short- or medium-term plans, and 90 countries have reached the stage of evaluating their national AIDS control programs. These reviews have shown that most national programs have carried out activities in the area of health education and information campaigns, condom distribution, counseling, patient care, blood transfusion, laboratory services, and the control of sexually transmitted diseases. Few have as yet had a substantial impact, but this is not surprising as most have been in existence for only a few years.

What needs to be done to slow the pandemic down from its current growth of more than 5000 HIV infections a day? More resources must be provided to accelerate biomedical research. Another top priority is to plan now for the disruptive social and economic consequences of the pandemic, including the care of orphans and the depletion of the workforce. Above all, national AIDS programs need to be strengthened technically, managerially, and financially if the pandemic is to be brought under control. Programs need to have the proper mix of activities.

WHO suggests, for example, that emphasis be given to a package of HIV/AIDS prevention measures to prevent sexual transmission, ranging from community-based projects in schools to person to person education, to mass media campaigns, to the large scale distribution of condoms, and to the provision of treatment for sexually-transmitted diseases. In addition, some countries will have to continue to also emphasize other interventions, e.g., to interrupt the spread of HIV through blood transfusions or through drug injecting. A particularly critical part of strengthening national programs is to ensure that community and grass-roots organizations are fully involved in the health and social response to AIDS, and that they receive appropriate funding for this purpose.

Another priority of GPA is to improve coordination of HIV/AIDS activities at both global and country levels. WHO was designated the lead agency for HIV/AIDS in 1987 by the United Nations General Assembly. At that time, WHO was by far the primary - if not the only - agency supporting HIV/AIDS activities and/or the development of national AIDS programs. Since that time two trends have become increasingly evident: (1) the number of actors involved at both national and global level has increased dramatically, including bilateral agencies, UN bodies and nongovernmental organizations (NGOs), and (2) the impact of the HIV/AIDS epidemic on all aspect of socioeconomic development is becoming increasingly clear, greatly expanding the kinds of activities that are necessary to ensure a comprehensive, effective response on both the national and global level.

Both these trends have complicated the process of coordination, at the same time as they have made more effective coordination more essential. GPA has spent considerable time, effort and resources rising to this challenge during the last several months. This has included preparation of a document for the high-level coordination segment of the July 1992 session of the Economic and Social Council (ECOSOC); continued contacts with UN agencies to strengthen the Inter-Agency Advisory Group on AIDS (IAAG); and the establishment of a special Task Force on HIV/AIDS Coordination.

This Task Force, established by the GPA Management Committee in November 1992, is administered by WHO. The Task Force consists of 12 members including representatives of governments, UN agencies (including WHO) and NGOs. Its current terms of reference are to: encourage the exchange of information; provide a focal point at global level for addressing coordination issues and concerns; actively promote coordinated implementation of policies and programs; monitor the mobilization and distribution of global resources for AIDS-related activities; identify coordination issues among external support agencies of urgent concern at various levels; prepare a comprehensive biennial report summarizing the HIV/AIDS-related activities of major external support agencies; and organize special meetings on key issues.

GPA expenditures increased from \$20 million in 1986/87 to \$89 million in 1991 and dropped to \$88 million in 1992.

The Global Program on AIDS will require resources totaling \$99 million in 1994 to implement the core activities during the 1994-1995 biennium. With these resources, GPA will continue to:

- provide global leadership - responding to global needs and new technologies;
- identify and evaluate critical interventions in HIV/AIDS prevention and care;
- deliver technical and financial support to national AIDS programs throughout the world;
- develop and accelerate vital AIDS research - vaccine-related, epidemiological, social and behavioral;
- extend its partnership with nongovernmental and private voluntary organizations, with bilateral development assistance agencies, and with other international organizations.

In view of the continued expansion of the epidemic and the continuous demands being placed upon the Program in many areas, we request a contribution to GPA of \$36 million in FY 1994.

ONCHOCERCIASIS CONTROL PROGRAM IN WEST AFRICA

FY 1993 Appropriation	\$3.5 million*
FY 1994 Requirement	\$5 million

* House and Senate report language called for \$4 million

The objective of the Onchocerciasis Control Program in West Africa (OCP) is to eliminate river blindness as a disease of public health and socioeconomic importance in an 11 country area and to ensure that the beneficiary countries are in a position to safeguard this achievement. OCP is co-sponsored by WHO, UNDP, FAO and the World Bank. WHO is the executing agency. OCP is currently supported by 22 donors, of which AID is one.

River blindness is caused by a parasitic worm which lives for up to 14 years in the human body. This adult worm produces millions of microscopic infant worms which migrate throughout the body causing debilitation, disfiguration, and eventually blindness. The vector for the disease is a savanna blackfly which transmits the infant worm from an infected person to others where it may develop into adulthood and reproduce. OCP's principal means of controlling river blindness is to break the cycle by killing the larvae of the blackfly, hence preventing transmission of the disease. Blackfly larvae are destroyed through aerial spraying of breeding sites in fast-flowing rivers. This "vector control" method employs only environmentally safe insecticides which have been screened by an independent committee of internationally recognized ecologists. Once the cycle of river blindness has been interrupted for at least 14 years, the reservoir of adult worms dies out in the human population, thus eliminating the source of the disease.

OCP is employing a new drug, ivermectin, to complement vector control operations. Although ivermectin has no impact on the adult worm and does not prevent transmission, it kills the infant worms which cause debilitation and blindness. OCP is utilizing ivermectin to alleviate symptoms and reduce the risk of impending blindness in heavily infected communities, while relying on vector control to halt transmission and eliminate the adult worm reservoir in the human population over the long term. Meanwhile, OCP is continuing to support research to find a safe and effective drug which will kill the adult worm.

OCP's impact to date can be summarized as follows. More than 30 million people are now protected from river blindness transmission. About 9 million children born since OCP's inception are free of any risk of contracting the disease. Over 1.5 million people who were once seriously infected have completely recovered and have no trace of the parasite. OCP has prevented an estimated 150 000 cases of blindness. Successful control has freed up 15 million hectares of tillable land for resettlement and cultivation.

By the end of 1997 it is estimated that a total of 300 000 cases of blindness will have been prevented. During the period 1992-1997 another 6 to 7 million children will be born in the OCP areas, bringing the total number of children growing up free of the risk of the disease to 15 to 16 million. An additional 10 million hectares of tillable riverain land will be made available in this period. Thus the total land freed since the start of OCP will be 25 million hectares, an area potentially capable of feeding 17 million people per annum using traditional technologies and agricultural practices.

OCP is expected to continue operations through the year 2000, at which time the parasite reservoir in the human population will have been eliminated. If a safe and effective drug to kill the adult worm is discovered before then, the operations could be terminated earlier.

Regarding funding, 22 donors have pledged about \$150 million or 86% of required funding for the current six-year phase, which began in 1992. Expenditure estimates to carry out

this six-year plan are \$175 million. AID has committed to provide OCP \$21 million over the six-year period 1992-1997, or \$3.5 million per year. This is equivalent in nominal terms to the U.S. contribution for the previous six-year period 1986-1991. An increase in the U.S. contribution to \$5 million per year would help to close the funding gap and would stimulate other donors to increase their contributions.

CHOLERA IN THE AMERICAS

FY 1993 Contribution	\$0
FY 1994 Requirement	\$15 million

During 1992, PAHO reported that cholera continued its spread in Latin America, reaching a total of 20 countries of the region. There were 391,750 cases in 1991, 353,810 in 1992, 22,947 through March 1993--768,507 in total. The mortality rate has been maintained below 1%. The appearance of the epidemic in the Americas was attributed to the lack of investments in water, sanitation and health infrastructure during the past decade's economic crisis.

PAHO has coordinated the regional response to cholera, with heavy emphasis on assuring clean water, providing public health messages on hygienic treatment of food and spurring investment in basic sanitation. PAHO also coordinated the mobilization of emergency support from various European countries and from AID. The emergency public health interventions to prevent cholera also have had the beneficial result of reducing all diarrheal disease deaths by an estimated 30% in the region.

In order to respond to the continued threat of cholera and other waterborne diseases, PAHO has designed a long-term Plan for Regional Investment in Environment and Health which seeks to fill the gap in the underlying environmental health infrastructure in the Americas, which was approved by the Latin American presidents at the last Iberoamerican summit conference in 1992.

Mr. Chairman, we are pleased that both the authorizing and appropriations committees have recognized the dangers of cholera and urged an increase in targeted assistance to respond to that danger. In fact, in 1991, the Report on the Foreign Aid bill approved by the Conference Committee included an authorization for \$25 million for FY 1992 and FY 1993. The level of assistance thus far approved by AID has been far below that level. We believe that there are two reasons to urge an increase in assistance. First, the cholera threat is real and requires a direct response. Second, the actions undertaken under the cholera prevention and control program have had an enormously positive impact on reducing deaths from diarrheal diseases in the Americas. The national political response to the cholera crisis in the countries has enhanced family and community education activities aimed at assuring clean drinking water and improving the handling of foods. Our initial estimates are that perhaps as many as 200,000 deaths from diarrheal diseases other than cholera have been prevented as a result of the anti-cholera campaigns.

ENVIRONMENT AND HEALTH

FY 1993 Contribution	\$0
FY 1994 Requirement	\$2 million

The Second Iberoamerican Presidential Summit met in Madrid, in July 1992 and approved a long-term Regional Plan for Investment in Environment and Health, presented by the Pan American Health Organization. The Plan is aimed at responding to the deficit in health, water, and sanitation services in Latin America and the Caribbean. Nearly 40% of the region's population are without regular access to health services. Some 130 million people have no access to clean drinking water, and 95% of the region's sewage flows into rivers and into the oceans without treatment. The estimated costs for investments and maintenance over the next 12 years, which begin with repairing existing facilities, is estimated at \$200 billion, 70% of which will come from the countries themselves and 30% from external sources, largely the Inter-

American Development Bank and the World Bank. The Summit also approved a \$20 million Pre-investment Fund to be managed by the Pan American Health Organization, to help prepare the specific projects in each country. Spain has pledged \$2 million to the Fund. Mexico and Brazil have pledged \$1 million each.

EXPANDED PROGRAM ON IMMUNIZATION

FY 1993 Contribution	\$0.3 million
FY 1994 Requirement	\$1 million

Every minute in the developing countries, day and night, almost 4 children are dying because they did not receive their immunizations.

The targets of the Expanded Program on Immunization (EPI) are to dramatically reduce deaths due to measles, eliminate all deaths due to newborn tetanus and to eradicate poliomyelitis.

Since its beginnings in the 1970s, EPI has helped raise the immunization rate in developing countries from 5% to some 80% and tetanus toxoid coverage from 5% to 50%. Nearly all countries of the world now provide immunization services against diphtheria, whooping cough, tetanus, tuberculosis, measles and polio; 48 countries are also providing hepatitis B immunization and 16 countries yellow fever immunization. The WHO program has had an unparalleled record of working with other organizations to achieve these gains: the Ministries of Health, UNICEF, NGOs such as Rotary International, and many others.

The estimated 6.8 million deaths from vaccine-preventable diseases has been reduced to some 2 million. More than 9 childhood deaths are prevented each passing minute.

Investing in immunization services over the years has resulted in the creation of infrastructure in the developing countries - management, supervision, transport, supplies and equipment maintenance - enabling service delivery to over 100 million women and children each year. These services will be ready for new vaccines when they become available, against HIV/AIDS, malaria, diarrheal diseases and other killing and disabling diseases.

The lessons learned in the developing countries are increasingly being applied in the industrialized countries, particularly in the inner cities and in the management of vaccine supplies.

EPI has led to some dramatic reductions in death and disease:

- over 1.6 million deaths from measles are being prevented each year - 3 deaths are prevented each minute
- measles immunization also breaks the cycle of malnutrition and infection for the child that so often in developing countries ends in death
- 662 000 deaths from newborn tetanus are being prevented each year
- some 53 million women in the developing world are being protected each year from tetanus
- the reported incidence of paralysis from poliomyelitis has reduced to only 14 thousand cases per year
- poliomyelitis has probably been eradicated from the Americas - the last case was recorded in Peru in September 1991
- polio free zones are emerging in the Western Pacific, Southern Africa and the countries of the Magreb

- 33 countries of Europe are already free from polio.

But, without continued political and financial support, immunization successes are in danger of slipping away:

- immunization rates in the developing countries declined in 1992 for the first time in 15 years
- the estimated incidence of measles, one of the most lethal communicable diseases, has increased from 42 million to 45 million
- resurgence of disease in the developing world threatens the industrialized world.

War zones and newly established countries continue to have high disease rates. Afghanistan, Angola, Ethiopia, Bosnia-Herzegovina, Cambodia, Iraq, Nagorno-Karabakh, Mozambique, Somalia, Tajikistan and many other areas are suffering from war, or the results of war, and immunization services are struggling to regain what is being destroyed during the conflicts.

The emergence of new states in Europe has given new challenges to the management of immunization programs. Diseases that were previously controlled - polio, diphtheria and hepatitis - are spreading from East to West.

Without substantially increased funding there is a serious risk that the goals of EPI will not be achieved. WHO needs a relatively small increase but spending on immunization programs in general must increase significantly.

With increased funding, what will be achieved in the next ten years?

- sustained immunization programs in the developing countries that can function with only the smallest outside support
- nine out of ten children receiving all their immunizations by the year 2000
- 95% reduction in measles deaths by 1995
- elimination of newborn tetanus by 1995
- eradication of the poliomyelitis virus by the year 2000
- no more congenital rubella syndrome, mumps or diphtheria in Europe by the year 2000.

What does it all cost? An estimated \$2.5 billion US dollars is spent on immunization services worldwide. At least two-thirds of this sum is paid by the governments of the developing countries themselves. A World Bank study has shown that immunization is one of the most cost effective health interventions possible. In a developing country, a mother and child can be protected for life against six diseases for an estimated \$15.

The estimated *savings* from only polio eradication are estimated to be more than \$100 million per year for vaccine costs in the United States alone. All other countries will have proportional savings. The savings in treatment and rehabilitation for paralyzed children is in addition to this figure.

The savings in treatment costs for other vaccine preventable diseases world wide is staggering. The savings in suffering for the children, distress for the parents, and lost days of work for the wage earners are incalculable.

The estimated total extrabudgetary requirement for EPI globally for FY 1994 is \$14.9 million. The U.S. should join the donor community and play its full part in supporting EPI.

EPI REVOLVING FUND (PAHO)

FY 1994 Requirement

\$4 million *

* one-time grant to the EPI Revolving Fund used to buy vaccines and supplies for countries in the Western Hemisphere

The Pan American Health Organization initiated in 1985 a hemisphere-wide campaign to eradicate polio. The success of that campaign, which developed 21,000 monitoring stations across Latin America and the Caribbean, is now clear. The advisory external coordinating committee, which included AID, Rotary International, UNICEF and the Inter-American Development Bank, chaired by PAHO, mobilized resources for the campaign and helped guide the process. PAHO announced last September the achievement of the first full 12 month period in history without a single case of polio reported anywhere in the Americas. We are now in the 20th polio-free month. Just as with the smallpox eradication campaign two decades ago, the Americas was the first continent to eradicate the disease. In 1988, the World Health Assembly adopted the global goal of eradicating polio.

CONTROL OF DIARRHEAL DISEASES AND ACUTE RESPIRATORY INFECTIONS

FY 1993 Contribution

\$2.75 million

FY 1994 Requirement

\$3 million

Diarrhea and acute respiratory infections each kill more children under 5 than any other disease. WHO estimates that in 1990 diarrhea caused 3.2 million deaths in this age group and acute respiratory infections (ARI) a further 4.3 million deaths.

These 7.5 million deaths accounted for over half of all deaths among children under 5. Some of the ARI-related deaths were due to the respiratory manifestations of two diseases preventable by immunizations, measles and whooping cough, but the vast majority were due to pneumonia. Half of the diarrhea deaths were due to dehydration. Almost all of the deaths from both diarrhea and acute respiratory infections could have been prevented with simple, cheap treatment.

Most diarrhea deaths can be prevented by giving the patient appropriate fluids in the home and continued feeding with nutritious foods. Dehydration, the main cause of death from diarrhea, can be effectively treated with oral rehydration salts (ORS) costing as little as 20 cents per treatment. Most cases of dysentery and persistent diarrhea can also be effectively treated.

Pneumonia deaths can be prevented if danger signs are detected in time, and if the patient is treated with an appropriate antibiotic, usually an inexpensive oral formulation. A small number of severe cases require hospitalization, injectable antibiotics and oxygen.

In many developing countries over two-thirds of admissions to pediatric wards in hospitals are for diarrhea and pneumonia. Most of these admissions can be avoided by early and effective treatment. Each year at least \$1 billion -and possible two or three times this amount- is wasted through the inappropriate treatment of diarrhea and ARI. This unnecessary economic loss to health systems and families can be avoided through the promotion of standard case management.

Strategies for preventing these diseases are similar. Current childhood vaccines are important, but of particular importance is improved nutrition, including Vitamin A supplementation, where needed, as this has been shown to contribute to reducing deaths due to diarrhea. Also extremely important is exclusive breast-feeding until the child is 4-6 months old and continued breast-feeding along with safe nutritious supplementary feeding until 2 years of age or more.

WHO's programs for the Control of Diarrheal Diseases (CDD) and Acute Respiratory Infections (ARI) which together form the Division of Diarrheal and Acute Respiratory Disease Control (CDR) are tackling these problems.

Since 1980 the CDD Program has been providing technical guidance to developing countries and to international and bilateral agencies. In this way these agencies' direct support to countries is enhanced by being technically correct and by using standard materials. The ARI Program has been playing a similar role for the last 5 years. Both programs have made available simplified guidelines for standard treatment and a wide range of high quality training materials on both program management and clinical skills.

Communication messages and materials based on ethnographic studies are constantly being improved and media offering maximum impact explored. Efforts are being made to ensure adequate supplies of drugs. Focused evaluation methods are used to assess the progress of national control programs and of the global effort.

Since 1980, nearly 130 developing countries have sought WHO cooperation to establish national diarrheal disease control programs. This has taken the form of assistance with planning, training - over 500 000 health workers have been trained in the management of diarrhea - communication, monitoring and supervision, and evaluation. In 1984, less than one-third of the developing world's children had access to life saving oral rehydration salts. The proportion has now reached almost three-quarters.

As recently as three years ago acute respiratory infections were still not adequately recognized as a major public health problem. Now their role as the major killer of children is widely acknowledged and increasing resources are being devoted to their control. Sixty-seven developing countries now have operational ARI control programs developed with WHO technical cooperation.

Both the CDD and ARI Programs have active research components supporting clinical, behavioral and health systems research as well as vaccine field trials. The close link between program implementation and research in the programs ensures optimally targeted research and immediate application of new findings.

Research topics include assessing improved treatment regimens for diarrhea and pneumonia, developing methods for improving child feeding diets and practices and for increasing breast-feeding initiation and maintenance, personal and domestic hygiene and reducing indoor air pollution. The impact of Vitamin A supplementation has been studied and a multicenter research project will examine delivery of Vitamin A with childhood immunizations.

The programs support field trials of new vaccines against pneumonia caused by the bacteria *Haemophilus influenzae* and *Streptococcus pneumoniae*, and diarrhea caused by rotavirus, enterotoxigenic *Escherichia coli* and the cholera vibrio. Two cholera vaccines are being tested with support from the diarrheal disease control program in response to the current resurgence of this disease globally.

In implementing these programs WHO collaborates closely with UNICEF and many bilateral agencies. Strong mutual support has been shared with projects funded by the Agency for International Development. The programs are supported by the World Bank, United Nations Development Program and a number of bilateral donors, but they remain under-funded relative to the absolute magnitude of the problem and the ranking of acute respiratory infections and diarrhea as the first and second largest killers of children.

WHO and its collaborative partners fully support the goals endorsed at the 1990 World Summit for Children held in New York, namely to reduce diarrhea mortality by half and acute respiratory infections mortality by one-third by the year 2000. These can only be achieved through a determined and concerted effort at all levels backed by adequate financial resources.

The WHO Division of Diarrheal and Acute Respiratory Disease Control has recently initiated, in collaboration with UNICEF, and with the backing of AID, an integrated approach to the management of major childhood illnesses. It brings together in one package, management of acute respiratory infections, diarrhea, measles, malaria and malnutrition. Together these conditions account for 4 out of 5 childhood deaths in developing countries.

In FY 1992 AID contributed to WHO \$1 million for the control of diarrheal diseases and \$750 000 for the control of acute respiratory infections. These contributions represented about 12% of the Program's total budgets. \$500 000 was made available for activities related to Vitamin A. These funds were used, in accordance with AID's request, predominantly for research in the areas outlined above.

In FY 1993 it is expected that the contributions to the control of diarrhea and acute respiratory infections will remain at \$1 million and \$750 000 respectively. It is expected that the Program's increased research activities with respect to Vitamin A will be supported by an increased contribution of \$1 million.

At least similar amounts will be requested from AID for the FY 1994, however, increased contributions would allow the Programs to broaden and intensify their activities, to accelerate progress towards their 1995 and year 2000 targets. This would be particularly appropriate for the acute respiratory infections control program.

The total budget requirements for 1994 are \$13 million for diarrheal disease control and \$8 million for control of acute respiratory infections. An additional \$2 million will be required to maintain and expand activities associated with Vitamin A research and promotion.

SPECIAL PROGRAM FOR RESEARCH AND TRAINING IN TROPICAL DISEASES

FY 1993 Contribution	\$2.5 million*
FY 1994 Requirement	\$5 million

* House and Senate report language urges AID to provide \$5 million

The Special Program for Research and Training in Tropical Diseases (TDR) was established in 1975 with two independent objectives:

- to develop new methods of preventing, diagnosing and treating selected tropical diseases - methods that would be applicable, acceptable and affordable by developing countries, require minimal skills or supervision and be readily integrated into the health services of these countries;
- to strengthen - through training in biomedical and social sciences and through support to institutions - the capability of developing endemic countries to undertake the research required to develop these new disease control technologies.

TDR's activities are targeted towards six disease groups: malaria, schistosomiasis, filariasis (including onchocerciasis or river blindness), the trypanosomiasis (both African sleeping sickness and the American form, Chagas disease), the leishmaniasis and leprosy.

TDR is co-sponsored by WHO, UNDP, and the World Bank. WHO is the executing agency.

Tropical diseases represent a substantial part of the world's illness - they infect almost 500 million people worldwide, mostly in developing countries. Progress in controlling these diseases has been hampered by inadequate research funding, poverty and economic upheaval in many of the affected countries, and by the development of resistance to drugs and insecticides used to control the infections. As a result, diseases such as malaria, lymphatic filariasis and leishmaniasis continue to spread, bringing misery, disfiguration and death to millions in

developing countries. Malaria is the most important of these diseases and is one of the greatest killers of children in Africa. Drug-resistant malaria is a threat to travellers, including business travellers and tourists from the United States, to developing countries. These diseases exact a heavy social and economic toll that the poorest countries cannot afford; when not causing death, they result in debilitation and can lead to disfigurement, such as blindness, loss of limbs and bloating of legs and other tissues. Women particularly suffer from social ostracization and stigmatization due to their weaker economic status. The economic losses from these diseases are great, not only in income lost as a result of illness and expenditures incurred seeking cures, but in the economic burden on society from the impairment of potentially productive individuals.

Despite an overall bleak picture, some progress has been made in recent years. Multi-drug therapy for leprosy is resulting in decreases in the number of registered leprosy patients. The new drug ivermectin and chemical and biological pesticides offer hope for areas infected by river blindness in Africa and Latin America. Another new drug, praziquantel, is effective against schistosomiasis. Other technologies which show considerable promise include insecticidal paints and fumigant canisters against the vector of Chagas disease in Latin America and the use of insecticide impregnated bednets to reduce childhood mortality from malaria.

These and other new technologies show what can be achieved by the application of modern biomedical sciences to tropical diseases. Despite the progress made, much remains to be done and funding for research and development of new disease control tools remains inadequate. TDR is actively pursuing research and development of new and improved drugs, vaccines, diagnostic tests and vector control methods against the six major groups of tropical diseases, mentioned above, and is assisting developing countries to strengthen their research capacities on those diseases to enable them to cope with their own disease problems.

In FY 1993 TDR requested \$5 million from the Agency for International Development but will receive \$2.5 million. This amount represents only 7.1% of contributions to TDR. Yet TDR actually spends about double that amount to finance research at U.S. institutions, including a number of agencies of the U.S. government. In FY 1994 TDR is again requesting AID to increase its contribution to \$5 million.

The Tropical Disease Research Program is now entering a critical phase. Additional resources are required to translate research results - such as the insecticidal paints, fumigant canisters and bednets mentioned above - into usable disease control products. Product development is TDR's highest priority at the present time. An increased contribution from the United States would assist TDR to achieve its objectives more quickly by accelerating the development of new vaccines, drugs, etc., and by improving the application of the newly-developed technologies in disease-endemic areas.

PROGRAM ON SUBSTANCE ABUSE

FY 1993 Contribution	\$0*
FY 1994 Requirement	\$2 million

* the Senate report "urges the administration to substantially increase funding"

Substance abuse is one of the most widespread and serious preventable public health problems this century. Involving an increasingly broad spectrum of drugs, the epidemic of substance abuse is affecting countries everywhere, both industrialized and developing. As both a health and social problem in its own right, and also as a major underlying factor in a range of other physical and psychosocial health problems, substance abuse is currently influencing more people and broader age groups than ever before.

Concern for the problem of substance abuse is not new. In the past, however, the response by national and international bodies has primarily focused on regulating the supply and

use of drugs through law enforcement and control. While this has had an important effect on the availability of drugs, and drug trafficking, the current nature and increasing magnitude of the problem, especially its growing impact on health, urgently calls for the development of additional and complementary prevention strategies.

In keeping with its mandate within the United Nations and building on its unique public health expertise, its long-standing work in the areas of research, prevention and treatment, as well as its international network of clinical and research scientists, WHO established, in September 1990, a special Program on Substance Abuse (PSA).

PSA's overall goals are to reduce the impact that existing substance abuse has on the health and welfare of populations everywhere, and to prevent new substance abuse in all its forms. The main purpose of the new WHO program is to provide technical leadership in the area of demand reduction.

Arrangements have been made for close cooperation between the United Nations International Drug Control Program (UNDCP) and PSA. The work of UNDCP and the work of WHO can complement each other in many essential ways by collaborating in the area of demand reduction. This was foreseen in the Global Program of Action adopted by the United Nations in March 1990.

WHO offers a unique opportunity to deliver responses related to all substances of abuse, including alcohol, and to address the strategy of reducing demand as part of a single integrated approach. In its short period of existence PSA has begun a number of such integrated demand reduction activities, including, *inter alia*, an international project on street children, a project on drug abuse in the workplace jointly launched by WHO, ILO and UNDCP, and a project on drugs and sports. The program is also carrying out studies on the nature and extent of substance abuse worldwide. These include projects working specifically at drug injection behavior and at the use of coca products in a broad range of cultural settings. PSA is also actively involved in activities related to the prevention of substance abuse and concomitant HIV/AIDS transmission.

During the first two years, when PSA was establishing itself, contributions amounted to approximately \$10 million. Now that the program is more fully developed, PSA's resource requirements for 1993-1994 are \$20 million. To make the U.S. contribution commensurate with the other major donor governments, it is suggested that the contribution for FY 1994 be \$2 million.

TUBERCULOSIS

FY 1993 Contribution	\$0
FY 1994 Requirement	\$3 million

Tuberculosis, long thought of as a disease of the past, is fast becoming the world's most urgent health crisis. One-third of the world's population currently is infected with TB, and eight million new people will develop the disease each year. It will kill thirty million people in the last decade of the 20th century. Tuberculosis is killing three million people per year. New strains of TB that are stronger, more aggressive, and drug-resistant threaten an even greater health crisis.

TB is curable - and the cost of curing it is minimal. But unless the world acts now, the TB crisis will escalate, and the likelihood of controlling it will diminish. Today's TB crisis demands accelerated funding from donor nations, multi-lateral institutions such as the World Bank, foundations, and corporations. This funding will provide for leadership and health training in developing nations, national control efforts in countries with the worst TB problems, and cure and prevention efforts in major cities in industrialized countries.

The nightmare from the past is thriving in the late 20th century, spread by growing immigration to the industrialized world, easy and accessible air travel, and boats packed with

refugees. A long time ago, the threat of a contagious disease like TB affected only the local community. Today, however, the risk is global. Because our world continues to grow smaller, we cannot expect to contain tuberculosis in one area of the world. Over the long term, it will be impossible to control TB completely in industrialized nations until it is sharply reduced as a health threat in Africa, Asia, and Latin America.

The simple - and sad - fact is that tuberculosis has been badly neglected by national and international health programs. As TB's spread was reduced in the industrialized world over the last two decades, so too were funding levels and research to battle the disease. Scientific and research interest in an infectious disease that no longer seemed to affect developed countries simply dwindled.

But, while brought under control in industrialized countries, TB remained a fearsome killer in the developing world. The disease has continued in epidemic proportions in Asia and Africa, with their huge populations and poorly equipped medical services. Allowing the disease to rage was more than just another sad example of neglect of the less fortunate. It was reckless. In an age of easy human movement nothing was more predictable than TB's return as a world-wide phenomenon.

While the overwhelming majority of deaths occur in the developing world, the price of neglect is just beginning to hit the industrialized nations. Switzerland reports TB cases increased 33 percent between 1986-1990; Italy saw increases of 28 percent between 1988-1990; and the United States reported 12 percent between 1986-1991. Many of the cases in these countries were diagnosed in foreign born individuals. The global nature of the disease is just beginning to be felt.

Some have suggested stricter border controls. But, the cost and manpower of increasing TB screening activity at the borders would be enormous and technically ineffective; not to mention the fact that developed countries are having a hard enough time controlling the flow of illegal immigration. Tuberculosis must be treated globally or it cannot be stopped.

TB has a cure, and treatment is neither costly nor difficult. Today's drug therapy stops the infection and makes the patient non-contagious. Drug treatment, however, demands daily or twice-weekly drug intake for at least six months without interruption. Successful treatment, therefore, requires education and follow-up. The length of treatment is perhaps the greatest challenge to controlling TB. Many patients feel better after a few weeks and stop taking their drugs. These patients, however, are not cured. They continue to spread TB, they risk recurrence, and they risk developing - and spreading - a drug-resistant strain of the disease.

Patients who prematurely end their treatment risk developing drug-resistant TB, which is substantially more difficult and expensive to cure. Strains of drug-resistant TB are as contagious as the regular TB germ, but cannot be killed with regular TB drugs. These strains are deadly to both the individual and the community because any person infected by a patient with drug-resistant TB gets the same drug-resistant germs.

The issue is further complicated by TB's relationship to HIV and AIDS. TB and HIV have been identified as synergistic: there is clear evidence that infection with HIV activates TB in people whose disease was previously inactive, and that TB may hasten the progression to AIDS in HIV patients. An HIV-positive person who is exposed to TB is at great risk of quickly developing a fatal case of TB.

The consequences of this deadly link already are apparent in sub-Saharan Africa and Asia, and this synergistic effect can have a drastic effect in America's cities. In 1990, almost three and one-half million people in sub-Saharan Africa were dually infected with HIV and TB. More than one billion people in Asia already are infected with TB and the number of HIV cases in Asia is rising quickly. During this decade, health experts expect roughly 7 million extra cases of TB because of HIV/TB dual infection.

The world cannot afford to wait to address this global health crisis. Right now, it is most visible in Africa and Asia, but the incidence of TB is rising in many places and is especially prominent in America's cities. Unless we act now, we will soon face an even greater crisis.

The best way to *prevent* the disease is to *cure* infectious cases in their early stages so as to stop transmission to others. Authorities often mistakenly focus valuable resources on finding more cases in the community without ensuring those already found are completely cured. Indeed, TB control can only be realized through effective national control strategies and the Tuberculosis Program has played a critical role in creating and supporting effective national programs.

WHO's assistance traditionally takes place in the form of development and dissemination of key operational tools of effective TB control, and direct technical cooperation. With sufficient funds, WHO's Tuberculosis Program will expand its work according to two basic objectives:

- to reduce the death rate from tuberculosis by half by the year 2000;
- to cut transmission and infection rates of the disease by identifying and supervising the treatment of the infected person until cured.

The United States, along with other industrialized countries, must take the lead in fighting the battle against this dreadful disease. Monies needed are not large, but are needed urgently. My appeal to you is, however, not only to prevent yet another tragedy in some faraway developing country, but rather to prevent a future disaster in our own country and other nations of the industrialized world.

Mr Chairman, the situation is dangerous. Global public health priorities must be redirected towards the most pressing public health problems. To allow TB to continue unabated as a global disease affecting every continent is foolish. To ignore the many millions of lives claimed by tuberculosis is reproachable. To avoid taking the few easy, cost-effective steps to wage a battle which can save those millions is intolerable.

HUMANITARIAN ASSISTANCE

Cambodia

WHO is part of the extensive United Nations humanitarian assistance to Cambodia, a country that has been torn by conflict for more than two decades. WHO's humanitarian program of collaboration in Cambodia aims to help with the repatriation and resettlement of persons living on the Thai - Cambodian border as well as within the country and to accelerate the reconstruction and rehabilitation of the entire health care system.

The health situation for all segments of the population is extremely grave. There is exceptionally high infant, child and maternal mortality rates coupled without breaks of malaria and other potentially fatal diseases. In addition, there are an estimated one to four million mines throughout the country - the legacy of many military conflicts. There are already some 35 000 persons disabled by mine explosions.

Through its office in Phnom Penh, WHO extends to national and international institutions and organizations in the country its technical expertise and humanitarian cooperation in order to help to accelerate improvements in the health and general social well-being of the Cambodian people. The WHO plan envisages provision of facilities for training medical staff and improving the capacity of Cambodian institutions, as well as prevention and control of causes of mortality, morbidity and disability.

Yugoslavia

All parts of the health care system in former Yugoslavia - facilities, personnel, financing and stocks - are under tremendous stress. The growing number of refugees and displaced

persons will place an intolerable burden on the present system. The results of hostilities have led to many psycho-social problems, especially for those directly affected by the trauma of war. It is the children, the women, the disabled and the elderly who are most in need of special services.

The most urgent need is for life-saving medicines such as antibiotics, including drugs for tuberculosis, clinical oxygen, insulin and dialysis fluids. Also needed are medicines which reduce extreme suffering, such as anesthetics, analgesics and medicines for epilepsy and mental illness, and there is a great shortage of diagnostic and other types of medical equipment. Other urgent priorities are the need for clean water, nutritious food and shelter.

Every day, the unrelenting armed conflict inflicts death and injury on men, women and children of the former Yugoslavia.

WHO's contribution to the amelioration of the conditions in Yugoslavia is, in cooperation with nongovernmental organizations, to organize and distribute emergency medical supplies for this area, to set up an effective monitoring system and to provide technical advice on every aspect of health.

El Salvador

PAHO has been the lead agency in the field of health in responding to humanitarian emergencies in the Americas. In El Salvador, PAHO participated in a special UN mission to assist in the design of the health component of the nation's reconstruction and reconciliation plan. During last year's emergency post peace agreement period, it also was requested by the Government and the FMLN to provide emergency health services to the demobilizing combatants. PAHO coordinated medical and dental services in this process under the coordination umbrella of the United Nations Verification Mission-ONUSAL. Some 8500 ex-combatants were treated in the 18 camps under UN control. For them and the civilian dependents in close proximity, there were some 30,000 medical and almost an equal number of dental consultations with the nurses, doctors and paramedics PAHO organized. In addition, nearly 2000 surgical and other specialized medical care was necessary for the wounded, disabled and others.

Haiti

In response to both OAS and UN resolutions, PAHO has led the coordination of emergency health services in Haiti during the period of the de facto government, working through non-governmental organizations (NGOs) throughout the country. PAHO has chaired the committee of NGOs, international organizations and bilateral agencies monitoring health conditions in the country. PAHO continues to assess needs for the current emergency period in conjunction with the OAS and the UN. PAHO also has prepared a humanitarian needs assessment for the period immediately following a restoration of constitutional government.

CONCLUSION

Mr Chairman, the World Health Organization's mandate to act as the directing and coordinating authority on international health work is being fulfilled across a broad range of health activities - many of which are of particular interest to this Subcommittee - AIDS, tropical diseases, child survival, drug awareness, tuberculosis. Extrabudgetary resources are vital to many of these programs - given the inadequate resources available through the regular budget. The total amount of extrabudgetary resources budgeted in WHO for the biennium 1994-1995 is \$712 million. Of this amount, it is expected that approximately \$90 million or 12.6% will be provided by the U.S., primarily through AID. Continued U.S. support is required for several programs (e.g. GPA, OCP, CDD, TDR) to ensure they are able to meet their objectives. Other programs (e.g. EPI, ARI, PSA, TUB) which now receive little or no U.S. support play an important role in global efforts directly related to U.S. interests. U.S. support for these programs is well-deserved.

STATEMENT OF LAWRENCE YANOVITCH, THE MICROENTERPRISE COALITION

Mr. Chairman, members of the Committee, we are grateful for the opportunity to submit this testimony and for the strong support you have given to microenterprise programs over the years.

I am the Director of Government Programs for FINCA where I oversee AID sponsored projects in five Latin American Countries. I am also the Co-chair of the Microenterprise Coalition which is comprised of 23 Private Voluntary Organizations (PVOs). The Coalition recently formed to promote microenterprise as a major component of the new Administration's foreign aid program. The Coalition has provided a forum to resolve many of the differences between PVOs which came to the fore in previous hearings held by this Committee. This represents an important achievement because almost all of the major U.S. PVOs which are active in microenterprise are Coalition members. The members include agencies which specialize in microenterprise as well as some of the most important leaders in the fields of community development, health, child survival, relief, and refugee assistance.

The common message of this broad range of institutions is that microenterprise can be a powerful tool for reducing poverty in the developing world. In a recent letter to President Clinton, the Coalition outlined an agenda for creating a Microenterprise Development Fund within the foreign assistance program. I would like to submit a copy of the letter to the President which includes a list of the Coalition members. The Coalition is now working with the AID Administrator, and he supports the concept of the Fund.

The purpose of the Fund would be to catalyze the development of sustainable financial and technical support institutions which provide services to the self-employed poor in the developing world. These institutions would help to democratize the financial sectors in recipient countries, opening them to millions of new savers and entrepreneurs. The resources of the Fund would be leveraged with those of U.S. PVOs, other donor nations, multi-lateral development banks, private investors, local governments and local communities. For every \$100 dollars disbursed from the Fund, recipient institutions would generate an average of more than \$500 in loans and \$100 in local savings over five years.

In my testimony, I will first provide a rationale for a major U.S. initiative in microenterprise. I will then review the current AID program. I will conclude with recommendations for how the Microenterprise Development Fund might function.

Rationale

Microenterprise is a cost effective approach to foreign assistance which advances both the humanitarian and economic interests of the U.S. There is no greater threat to global security and prosperity than the explosive growth of poverty in the world today. Developing nations sinking under the weight of impoverished populations cannot become viable trading partners. Environmental degradation, civil conflict, disease and overpopulation are all rooted in poverty. The world's population is expected to double in the next 45 years. If corrective measures are not taken, more than 90% of these people will be born into poor families in the developing world.

The poor in the developing world face a daunting array of obstacles to breaking out of poverty. The vast majority does not have access to stable employment in the industrial

sector and must therefore turn to self-employment in the informal sector or the "survival economy". Microenterprises, or the small businesses of the poor, account for more than 50% of urban employment in many developing countries. Indeed, the self-employed poor provide a critical low-cost source for creating jobs for other members of their communities. In Latin America, current studies indicate that the average cost per job created is under \$800 in the informal sector whereas the cost in the industrial sector ranges from \$20,000-\$30,000.

Yet, the self-employed poor do not compete on a level playing field. In the developing world, larger private and state industries dominate the access to markets, raw materials and capital. Cultural and political conditions often prevent the poor, particularly women, from pursuing their business opportunities.

One of the most salient problems microenterprises face is a lack of access to capital at commercial rates. Since banking systems in developing countries do not provide services to the poor, microentrepreneurs must turn to informal credit sources or "moneylenders" for capital. The interest rates that they must pay are many times greater than the local commercial rate. A street vendor in Managua, Nairobi or New Delhi will typically pay up to 10% interest a day on a loan from a moneylender. The result is that large portions of the income earned by microentrepreneurs are siphoned off by these middlemen, who help to keep poor producers trapped in poverty.

U.S. PVOs, credit unions and local non-governmental organizations (NGOs) have taken the lead in filling the vacuum left by the banking sector. These organizations have created specialized lending institutions which use credit delivery and savings systems that are tailored to the needs of the poor. They often couple these services with assistance in marketing, business skills training and technology transfer. Many of these institutions are structured to sustain their operations through interest income. Since the programs draw on strong community participation in the organization of the lending systems, the repayment rates are very high (95-99%).

These specialized lending institutions have often succeeded in substantially increasing the income of their borrowers, enabling them to improve the quality of life of their families. In one AID poverty lending program in El Salvador, 90% of surveyed borrowers doubled their weekly food purchases after one year of program participation. Borrowers are more receptive to health, family planning, environmental and other social messages once they have greater financial security.

Since microenterprise programs are based on productive investment instead of charity, the resources are recycled to assist more and more poor families. In the El Salvador program, the \$1.3 million portfolio will rotate in five years to generate at least \$3 million in local savings and \$18,000,000 in loans. The most successful microenterprise programs also use a variety of financial instruments to access commercial sector funds. Hence, the capacity of these organizations to rotate resources and leverage capital from formal financial institutions multiplies the original investment many times over.

Microenterprise development thus offers a cost-effective grassroots strategy which the U.S. can use in order to reduce poverty and foster greater economic pluralism in the developing world. Microenterprise is also gaining increasing public attention as one form of foreign aid which merits U.S. support. In the words of one Senator, "This is the kind of foreign aid that we can sell to the American people".

Current AID Program

Since AID has been focused during the last twelve years on large-scale private sector development, it has not placed a priority on microenterprise. As a result, the number of borrowers which AID's microenterprise program reaches remains relatively small. In its FY 1991 report to Congress, AID indicated that it reaches 67,000 borrowers with its entire microenterprise portfolio. PRODEM, a leading microenterprise institution in Bolivia, made over 52,000 loans in that one country during the same period. Moreover, the AID program has had difficulty in meeting Congressional directives to allocate a significant portion of its portfolio to loans below \$300. In FY91, AID reported that only 12% of its portfolio was allocated to loans under \$300. They also reported that women received only 35% of all loan capital which is a further indication that the program is not adequately reaching the severely poor.

Allowing experienced U.S. PVOs, credit unions and local NGOs to increase their role in AID's microenterprise program would be one means for improving its effectiveness and outreach to the poor. Where multi-lateral development banks, governments, and commercial financial institutions have failed, these organizations have led the way in developing innovative systems for successfully lending to the poor. They also have the capacity to expand their programs significantly if additional funds are made available to them.

During the previous Administration, microenterprise institutions had difficulty in accessing funding from AID missions. As missions sought to focus their efforts and meet the requirements of other Congressionally earmarked programs, they became reluctant to support new initiatives such as microenterprise. Moreover, Section 599, a recent amendment to the FY 93 Foreign Appropriations Act, has had a further chilling effect on the interest of AID missions in microenterprise. Section 599 stipulates that all AID programs must comply with international labor laws. Since microenterprises operate in the unregulated informal sector, they generally cannot adhere to industrial labor standards. The result is that some AID missions are categorically deciding not to finance microenterprise programs.

The centrally managed program of the Office of Private Voluntary Cooperation (AID/FVA/PVC) has, however, proven to be an effective vehicle for developing the microenterprise capacity of PVOs. Many PVOs have used the resources to establish an extensive grassroots outreach capability by working through networks of local NGOs and community associations. This program offers a model for how the proposed Microenterprise Development Fund might operate.

In the new foreign assistance program, U.S. PVOs, credit unions and local NGOs should play a major role in AID's microenterprise activities. These organizations are not without their institutional shortcomings, however, and they will need to be critically appraised and strengthened in order to increase their microenterprise capacity and effectiveness. They should be held accountable to strict standards of performance and cost-efficiency.

Functional bureaus, within AID/Washington, also need to have greater leverage over local AID missions. They need to be able to promote effective interventions, such as microenterprise, with the collaboration of the missions. Finally, AID/Washington needs more power to negotiate with multi-lateral development banks so that the banks complement AID's institutional strengthening activities with lines of credit for microenterprise programs.

Recommendations

Over the next two decades, the U.S. should seek to lead the international development community in promoting a global network of credit institutions which specialize in responding to the needs of the self-employed poor. AID can be instrumental in this effort in two ways. First, it can finance part of the costs of establishing and strengthening these institutions. Second, it can provide them with capital through a variety of instruments: grants, soft loans, loan guarantees, equity investments and stabilization funds. After 3-5 years of AID assistance, these institutions should be able to self-finance their operating costs through interest income and meet their loan capital requirements from savings and commercial lines of credit.

Microenterprise Development Fund

In order to catalyze this process, the Coalition proposes that a centrally managed Microenterprise Development Fund be created within the foreign assistance program. The purpose of the Microenterprise Development Fund would be to promote the growth of a network of financial and technical assistance institutions which specialize in providing services to a broad range of low income clients. The Fund would be primarily channeled through U.S. private voluntary, credit union, local non-governmental and other grassroots organizations which have demonstrated a capacity to develop locally sustainable microenterprise service institutions.

Since the Fund would be centrally managed, it would reduce the costs of intermediation of the AID missions and make the development of the microenterprise program more expedient. At the same time, AID Missions could also draw on the Fund to supplement resources that they dedicate to local microenterprise programs.

The Fund would be managed by AID/Washington and be comprised of three components: institutional development, capital and research/evaluation. No more than 5% of the total value of the Fund would be apportioned to research and evaluation. Based on programmatic requirements, AID would allocate the remaining value of the Fund between the institutional development and capital components.

Based on a survey of the programming capacity of its members, the Coalition would recommend that an annual average of \$130 million be appropriated through the Fund over the next four years for U.S. PVOs and credit unions operating microenterprise programs in the developing world. This would allow these organizations to generate over \$1 billion in microenterprise loans.

This requested funding level for U.S. PVOs and credit unions represents 80% of AID's total projected expenditures in microenterprise for FY93. The Fund could also finance the microenterprise initiatives of AID missions that do not necessarily involve U.S. PVOs and credit unions.

Institutional Development Component

The success of microenterprise programs hinges on the establishment of sound institutions which can provide effective credit and technical services. AID would thus use the Fund to finance the institutional development activities of private voluntary, credit union, non-governmental and other grassroots organizations involved in developing institutions which service microenterprise. This component would also finance required training, technical assistance and other complimentary services.

Recipient organizations do not need to be solely dedicated to microenterprise in order to access the Fund. AID would place a priority, however, on those organizations that are capable of developing local institutions which can become self-financing and reach large numbers of clients.

Capital Component

The capital component of the Fund would be equally divided in two parts. The first part would be allocated to poverty lending or those microenterprise programs which directly target the severely poor. The second would be allocated to all other types of microenterprise programs. At least 75% of the total number of borrowers which receive loans through the Fund would be women. This distribution of capital would reflect the two tier structure of FY93 legislation for microenterprise as well as its emphasis on women.

The Fund would use a variety of financial instruments as described above. Capital made available through grants would require a matching component from the recipient organization in the form of loans, grants or savings generated from non-AID sources. AID would also seek to facilitate negotiations between these institutions and multi-lateral banks to obtain additional lines of credit.

Research and Evaluation

A small portion of the Fund would be used to evaluate program performance, document lessons learned and research how the state-of-the-art in microenterprise can be improved. AID would use a set of clearly defined indicators to measure the overall performance of local and external support organizations.

Since small loan sizes are a good indicator that programs are reaching the severely poor, evaluations would need to demonstrate that loan capital for poverty lending is dedicated to programs where initial loans are no more than \$150 and no loans exceed \$300. Institutions whose portfolios include both poverty lending and microenterprise loans would be required to demonstrate that the poverty lending portion of their portfolio meets these requirements.

Other evaluation indicators would include performance criteria such as employment generation, repayment rates, mobilization of local savings, self-sustainability, number of borrowers reached, and participation of women. For example, the commitment of local communities to their programs would be demonstrated through the generation of at least \$20 in local savings per year for every \$100 in loan capital which the institution accesses from the Fund. As a measure of their effectiveness in rotating and leveraging capital resources, recipient institutions would also be expected to generate \$500 in loans over five years for every \$100 in institutional development support or loan capital which they received from the Fund.

Concluding Remarks

The Cold War may be over, but the achievement of true peace has hardly begun. Never before has the world seen so many of its families trapped in severe poverty or so many of its children threatened by malnutrition. There can never be lasting security in the world if large portions of the population are marginalized from participating in the development of the global economy. Microenterprise offers the new Administration and Congress a proven tool which you can use in the U.S. foreign assistance program to stimulate the growth of prosperity and pluralism in the world.

**STATEMENT OF MONIKA C. ESCHER, BOARD OF AGRICULTURE,
NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND
GRANT COLLEGES**

Mr. Chairman and distinguished members of the Committee. I am Monika Escher and I appreciate the opportunity to testify before you today regarding FY 1994 foreign aid appropriations. Today I am speaking for the International Agricultural Section of the Board on Agriculture of the National Association of State Universities and Land-Grant Colleges (NASULGC). NASULGC represents over 150 public research universities. For over 40 years, our universities have participated in international agricultural and rural development programs. Mr. Chairman, these are difficult days of fiscal austerity for our country.

It is paramount that we make the most efficient use of our resources and assure that our scarce development dollars are addressing the basic causes of underdevelopment. We are concerned that U.S. development assistance policy and funding increasingly downplay the prevalence of hunger, malnutrition and poverty in lesser developed countries and the importance of sustainable agriculture systems to overall economic growth. Poverty is a scarcity of resources. We must acknowledge that to increase resources it is agriculture, food and natural resource management that are the critical elements in long-term development assistance. Equally important is the necessary investment in human resource development, health, nutrition and population programs. But it is only through our efforts in human resource development -- building the capacities of people from developing countries -- that our efforts will truly have long-term effects.

The war on hunger and poverty is far from won and environmental concerns are making the goal of sustainable agricultural systems even more complex. Agricultural and environmental scientists agree that continued work is needed in science-based technological development if developing countries are to feed their rapidly expanding population while simultaneously preserving the environment.

U.S. interests and funds must focus on the creation of healthy, sustainable agricultural systems in those countries, on global food security and on how we can help. The U.S., through its universities, non-governmental organizations and the private sector, continue to provide the expertise needed to help developing countries:

- Improve the protection and use of their rapidly degrading natural resources, most of them in rural areas; and
- Increase agricultural growth in a sustainable way in order for countries to feed their growing populations.

Most Americans support the humanitarian role of assistance to developing nations, but fail to recognize that "foreign assistance" is also in our long term national interest. We need to be more explicit about our opportunity to influence emerging countries toward our "American" ideals such as open societies run for the benefit of the people.

Agricultural Development: A Priority for U.S. Development Assistance

Agricultural growth is a critical element in building sound civil societies. Sound agricultural growth is **THE engine** of overall economic growth in developing countries. With the population in developing countries predicted to grow 40% in the next two decades, the sheer volume of food that will be required to cover their prospective food deficit will be beyond their purchasing capacity. Is food aid of that dimension from the U.S. and other food surplus countries likely to be available? Even if available, where will the cycle stop? That is why more developing countries are recognizing that they must rely on their own farmers to ensure a food supply. There is a growing awareness in developing countries that cheap food diminishes the capacity of poor rural communities to develop a sustainable agricultural base. We must continue in the American tradition and help them in this critical process.

The U.S. must **lead**, not only share in the global interest of **how** they produce food. The rural people of Africa, Asia and the Americas, particularly the poor farmers and the landless, are the custodians of a substantial part of the natural systems on which global environmental stability depends. These marginal farmers are the very people who, when unable to provide their families with a decent living, clear forests for fuel or land to plant their crops, overuse grasslands and rangelands, degrade wetlands and coastal areas, and move further out in search of new lands.

There are numerous reasons why we must give priority to agriculture in this increasingly interdependent world. Agricultural pests and diseases found in developing countries know no borders and have, when uncontrolled, cause losses to American farmers...which ultimately costs taxpayers more. Through cooperation with developing countries, pests and diseases can and have been controlled. American agricultural scientists need to continue to have access to, as do scientists everywhere, the genetic materials that will provide new sources of resistance to pests, drought, heat, salinity. The U.S. needs to have continuing access to the results of agricultural research carried out in the developing countries. We are now importing more agricultural technology than we export. The enhancement of ties between U.S. scientists and their counterparts in other countries, including developing countries, will be important in ensuring a balance in the flow of agricultural information and technology.

The U.S. can only hope to make a small contribution to the solution of the huge problems in agricultural development and environmental protection that the developing countries face. Most of the investment and sorting out the difficult political decisions will have to come from their own people and their own governments. But we and other cooperating countries and organizations can make the critical difference to these efforts. We can provide the spark to get them started and keep them moving. Our greatest contribution will continue to be in helping the developing countries build the **institutional capacities to help themselves and the understanding to motivate them to practice sustainable agriculture.**

Politics will always play a role in foreign assistance. The dangers of regional wars over resources should not be minimized; the future of development

depends on peace. But the political changes across the world in the past five years signal greater opportunity than ever for development to be successful. Mutual advantageous international cooperation is a genuine possibility. The battle against poverty and hunger must be waged by the government, universities, private agencies, businesses, all working together. Just as agricultural and rural development programs can be slowed or reversed by wars or extended drought over large areas, as much damage can be inflicted by a lack of funding. Ideals and ideas call development workers to the field, but only financial resources can put them there and keep them there long enough for the sustainable part to "take."

We ask that the following issues be considered as the Committee deliberates the FY 1994 foreign aid appropriations bill.

- **Elevation of development assistance to a central focus of U.S. foreign policy.** Resources available for development assistance programs must not be further diminished in favor of other, politically motivated foreign policy assistance goals.
- **Agriculture and environment sector is critical if the erosion of growth that is evident in many developing countries is to be reversed.** Related human resource development, health, nutrition, population must be addressed as part of the program.
- **Long-term work in food, agriculture, natural resource management can serve as an example of how the U.S. and developing countries may work together in mutually beneficial ways.** The U.S. has a traditional, comparative advantage, primarily through its universities, in collaborative research programs that demonstrate how this country can simultaneously help the developing world and benefit the U.S. Our participation with the international research centers must also continue if the U.S. is to maintain its leading position in agriculture.
- **Increased emphasis on the role of universities and non-governmental organizations and how they can collaborate in sustainable development.**

Mr. Chairman, thank you for giving me this time before you today. These are difficult times, and it would be easy to take on only those problems with popular solutions. I would like to acknowledge you for your untiring thoughtfulness and leadership in facing the very difficult political realities of helping other countries develop.

STATEMENT OF PATRICIA WAAK, DIRECTOR, THE NATIONAL AUDUBON SOCIETY

National Audubon Society (Audubon) is one of the largest membership-based environmental organizations in the United States. Audubon was established in 1905 to protect the wildlife and habitat upon which people depend. We maintain 100 wildlife sanctuaries and 13 educational centers. With the support of more than 600,000 members and an extensive chapter

network in the United States and Latin America, Audubon uses science, policy research, advocacy, litigation and citizen action to save threatened ecosystems. On behalf of Audubon and its members, we thank you for the opportunity to submit testimony on the funding of foreign assistance programs that promote environmentally sustainable development.

In this time of economic hardship, the United States must resist the desire to turn inward and ignore global problems. Audubon recognizes that the United States and its citizens are part of a global web. It is clear to us that halting environmental degradation, from biodiversity loss to global climate change, requires global efforts and benefits all. In fact, the solutions to many of our most pressing domestic problems are, at least in part, global in nature. For example, healthy economies abroad create economic opportunities and jobs in the United States.

Furthermore, we submit that it is not necessary to increase foreign assistance to achieve solutions to the problems facing us all. Rather, it is necessary to shift the priorities within the 150 Account to adequately fund sustainable development assistance and reduce military and security assistance.

Mr. Chairman, you and the members of this subcommittee have consistently acknowledged the need for global vision, fighting for strong and responsible foreign assistance packages even in the face of public apathy. We commend you for your wisdom and foresight in this respect. Audubon is doing its best to support your efforts through our public education campaigns. Our members know that foreign assistance, which comprises less than one percent of the federal budget, is an important contribution to global stability, and they are working within their communities to spread this message. We thank you and offer Audubon's commitment of time and resources in working with the Subcommittee to achieve a foreign assistance program truly devoted to sustainable development.

This testimony will focus on those areas in which Audubon has been a leader and has the greatest technical expertise: sustainable development, population, wetlands conservation and coastal marine protection.

SUSTAINABLE DEVELOPMENT

The 1992 United Nations Conference on Environment and Development highlighted the fact that economic development must go hand in hand with environmental protection and restoration. We can no longer rely on traditional economic development to eradicate poverty and hunger. The number of people suffering from hunger and water scarcity continues to grow. The number of environmental refugees continues to grow. Yet the environmental factors leading to decreased food production and natural resource depletion, such as deforestation, desertification and soil erosion, are not adequately addressed. Until we deal with the underlying causes, we are not using our foreign assistance dollars as cost-effectively as possible.

The theme of U.S. foreign assistance in the 1980's was private enterprise. In the 1990's it must be sustainable development. The axis of conflict is now North-South, not East-West, and our priorities must change accordingly. There must be an increasing focus on poverty alleviation, population and family planning, health care, women's status, sustainable agriculture, sustainable water resource development, and energy and natural resource conservation.

Audubon shares this committee's concern over the inability of the U.S. Agency for International Development (USAID) to effectively administer a foreign assistance program based on sustainable development rather than Cold War priorities. We also share the views expressed in the Washington Post editorial of June 13, 1993. It is time for a totally new way of addressing global concerns. While it is not in the purview of this bill, we are recommending to the Clinton Administration and the House Foreign Affairs Committee that USAID be replaced with an independent Sustainable Development Agency (SDA) headed by a cabinet level administrator. The SDA would be organized along technical lines (population, poverty, health, agriculture, etc.) rather than geopolitical lines. We will recommend that the SDA be funded at \$6 billion for FY 1994.

POPULATION

The Earth's human population, currently 5.5 billion, is expected to increase at the rate of 90-100 million people each year of this decade. At current birth and death rates, world population would double in just 39 years. Ninety-four percent of this growth will occur in already struggling developing countries. This explosive population growth contributes to a dramatically poor quality of life, further restricting access to food, housing, health care, education and employment in much

of the world. Rapid population growth also exacerbates the degradation and destruction of critical natural resources, such as forests, soil, water, and increasingly contributes to atmospheric changes. International family planning and population assistance is therefore a vital component in efforts to achieve sustainable development.

Worldwide, spending on voluntary family planning has failed to keep pace with increased demand and with growth in the number of reproductive-age couples. Recent demographic surveys indicate that half the women in the developing world who wish to limit or space the number of children they have, lack reliable access to safe, effective contraceptives.

To go beyond this immediate demand and reach a global contraceptive use rate adequate to stabilize world population would require that the percentage of couples worldwide currently practicing family planning increase from 40 percent to 72 percent. According to the 1989 United Nations Amsterdam Forum, by the year 2000, worldwide international family planning/population assistance expenditures would need to double, to at least \$9 billion.

Audubon joins with other environment and development organizations in urging the committee to appropriate the full U.S. share of this increase, \$725 million in FY 1994.

Lack of adequate funding has not been the only factor hindering access to voluntary family planning. This committee has long recognized that the refusal to fund some of the most effective providers of voluntary family planning worldwide -- providers such as International Planned Parenthood Federation (IPPF), Family Planning International (FPIA) and the United Nations Population Fund (UNFPA) -- hampers the efforts of women and couples around the world to obtain contraceptives. The Clinton Administration has made clear its desire to reverse these misguided policies, in both word and action, by repealing the "Mexico City" policy and requesting a \$50 million contribution to UNFPA in FY 1994.

Audubon encourages the committee to continue its past attempts to restore a U.S. contribution to UNFPA. We agree with the House Foreign Affairs and Appropriations Committees that this funding should come from the International Organizations and Programs account rather than the Population line-item. However, we would urge this committee not to condition UNFPA funding on its withdrawal from activities in China. The policy of punishing UNFPA for actions taken by the Chinese government has failed to have any influence on the Chinese government. Rather, it has adversely affected UNFPA's work in 140 other countries. Asking UNFPA to withdraw from China goes no further toward correcting any abuses that may be occurring in the Chinese government's program. In addition, it sets a troublesome precedent for other international organizations. If the Committee is concerned by alleged abuses in the Chinese family planning program, we would respectfully submit that this matter ought to be taken up with the Chinese government directly, perhaps in relation to MFN negotiations as part of an overall China policy. We also feel that the U.S. should use all means possible to deal with the full range of human rights issues which is demonstrated in part by the implementation of a coercive Chinese population program.

WOMEN

As part of a sustainable development effort, programs focusing on the role of women in development should also receive increased priority. In the majority of developing countries, women are the natural resource managers, food providers and caretakers, yet they are often left out of development programs. They lack access to education, health care, land and credit. While many other experts will testify in greater detail on this issue, Audubon wishes to add its voice to those advocating for greater attention to women in development issues.

In particular we advocate appropriations of \$350 million for programs to equalize male and female levels of primary and secondary school enrollment and \$100 million for a Safe Motherhood Initiative.

COASTAL MARINE RESOURCES AND WETLANDS CONSERVATION AND SUSTAINABLE DEVELOPMENT

Mr. Chairman, the conservation of tropical moist forests have and are receiving a great deal of attention from the foreign assistance community, as well they should, because of their importance to the livelihoods of indigenous peoples and the need for sustainable development,

because of their importance to biological diversity, and because their loss significantly contributes to the potential catastrophic affects of global warming. It is high time, however, to recognize also the outstanding functions and values of coastal marine ecosystems and wetlands for food production, biological diversity, water quality and supply, and for protection against potentially catastrophic flooding and storms.

Yet coastal marine resources and wetlands have been largely ignored by bilateral and multilateral assistance agencies. We urge this Subcommittee to help remedy this gross oversight.

Coastal Marine Ecosystems

The Importance of Coastal Marine Ecosystems.

The wise planning and sustainable economic development of coastal zones are important because such zones:

- o Are home to over fifty percent of humankind, and planners have good reason to believe that these coasts will absorb most of the estimated doubling of the earth's population, primarily in developing countries, that is projected to occur by 2025.
- o Contain a high proportion of the best alluvial soils for agriculture.
- o Include the most productive fishing grounds, and commercially valuable nursery grounds.
- o Support water-dependent and water-enhanced industry and manufacturing.
- o Are the major focus of tourism -- a major revenue source for developing countries, but also one of the planet's most overbuilt industries.
- o Support the world's most naturally productive ecosystems: estuaries and lagoons, brackish and salt water wetlands (salt marshes, sea grass meadows, mangroves), and coral reefs.
- o Contain a significant portion of the world's biological diversity.

However, coastal marine systems are coming under increasingly intensive economic development and population pressures, and are becoming the major recipient of human society's waste. Wastes enter from sewage outfalls, cursory or accidental dumping, land run-off, river discharge, and atmospheric deposition. Four hundred million metric tons of industrial wastes, sewage sludge, and dredge material are dumped directly into the oceans from developed countries annually. The recorded amount of toxic substances dumped represents only a small percentage of total toxic substances entering marine ecosystems from pipeline discharges, runoff, and atmospheric deposition.

Yet, one of the most serious threats to the world's coastal marine systems may be the result of a separate phenomenon -- global warming. Rapid increases in consumption of fossil fuels caused by proliferation of the human population and rapid industrialization, combined with extensive destruction of tropical rainforests, is creating massive emissions of carbon dioxide into the atmosphere. Carbon dioxide and other pollutants -- notably chlorofluorocarbons, nitrous oxide, and methane -- trap heat in the earth's atmosphere and warm it. The rapid heating of the Earth's atmosphere could raise the global average temperature as much as 3-10 degrees Fahrenheit in the first half of the next century.

Warming of the Earth's atmosphere may cause radical climatic changes and a significant rise in the ocean levels -- 3 feet or more by the middle of next century. Up to 80% of U.S. coastal wetlands could be submerged, as could 15% of Egypt's arable land and 25% of the densely populated nation of Bangladesh. Some island nations, such as the Maldives, could disappear completely. Rapid climatic change also is likely to bring more frequent, more intense hurricanes and tropical storms to coastal regions and to produce huge effects on certain coastal ecosystems such as beaches and salt marshes. For these reasons and others described below, coastal marine ecosystems are vulnerable to human perturbations.

The multilateral development banks -- the World Bank, the Inter-American Development Bank, the African Development Bank, and the Asian Development Bank -- as well as USAID, have a major influence on development assistance in the Third World. Together these institutions provide loans of over \$26 billion to developing countries annually. Projects which the banks support -- such as mining, port construction, road construction, urbanization, energy production, fisheries, agriculture, and forestry -- often have significant impacts on coastal marine ecosystems of not only the borrowing country but neighboring countries as well.

The United States government must not only demonstrate leadership and good judgment in the management of valuable coastal marine resources within its own boundaries, but must evince leadership in

its participation within the MDBs and through USAID. Through its representatives to the MDBs, the U.S. must make evident that the it will assist borrowing countries in protecting the values and functions of their coastal marine resources and oppose projects that adversely affect coastal marine ecosystems.

This Subcommittee should use its influence to guide the Department of the Treasury to develop standards and voting instructions for the U.S. representatives to MDBs for reviewing projects and loans that may affect coastal marine ecosystems. Similar guidelines have been adopted by the Department of the Treasury for the protection of tropical forests and wetlands.

MDBs

Changes in policies of the MDBs could do much to improve prospects for conserving marine ecosystems and the sustainable benefits they bring to people. Therefore, the Subcommittee should urge the MDBs to do the following:

- (1) refuse to finance projects which adversely affect marine ecosystems;
- (2) redesign proposed and existing projects to ensure that the functions and values of affected marine ecosystems are maintained;
- (3) promote, through economic incentives, the protection of marine ecosystems that are important to the short- and long-term sustainability of a country or region, especially in the maintenance of biological diversity and valuable ecological processes;
- (4) facilitate the transfer of environmentally protective technology and management practices to developing countries;
- (5) support research on sensitive ecosystems; and,
- (6) promote the protection of local customs that favor environmental protection.

Wetlands

Wetlands are enormously important in all parts of the world. But in developing countries -- the homes of three-fourths of all the world's people and an even greater share of the world's animal and plant species -- wetlands are particularly crucial. These nations depend on wetlands for the achievement of sustainable rural development and for the survival of huge numbers of wildlife species. Nevertheless, the world's tropical wetlands are being destroyed by a variety of activities, many of which are funded at least in part by the development assistance agencies.

The Importance of Tropical Wetlands

In developing nations, whole communities depend on wetland resources for survival; cultures and life styles revolve around flooding cycles and the harvesting of wetland products. In Africa, 40 percent of all animal protein consumed by people comes from wetland dependent fish. In the Lower Mekong Basin of Southeast Asia, fish derived from wetlands account for almost 50 percent of all fish caught; these fish supply 50-70 percent of the protein needs of the delta's 20 million people. Shrimp exports from developing countries to developed countries are currently worth \$900 million a year; no shrimp species could survive without wetlands as nurseries and sources of food.

Wetlands are also crucial to the maintenance of biological diversity. In North America, 33-50 percent of all plant species are associated with 8 percent of the total land base -- wetlands. While the wealth of biological diversity in wetlands in the temperate climates is dramatic, the importance of wetlands in arid and semi-arid tropics could even be more significant. Increasing evidence indicates that outside of the prevention of deforestation of tropical rainforests, the maintenance of surface water flows is the most important element in protecting biological diversity. The biological values of hydrological systems are most often concentrated in wetlands.

In Europe and North America, over 50 percent of the original wetlands have been destroyed directly by draining, diking, and damming, and indirectly by deforestation and industrial and agricultural pollution. The same process cannot be allowed to occur in developing nations, where the functions performed by wetlands are essential to human survival, as well as to the maintenance of biological diversity.

The Role of Development Assistance Agencies

Development aid agencies are not just technical bodies. They are also political entities which respond to the priorities of donor nations, as well as the nations they are assisting. Agriculture is the

single most important lending sector for all three agencies, and the single greatest cause of wetlands loss. Energy production -- mainly through dam construction -- is the second most important lending sector for the World Bank and IDB. Large hydro dams financed by these agencies are destroying swamp and marsh areas, river delta wetland systems, and mangrove areas. In addition, the World Bank and IDB finance industrial and mining projects that have adverse impacts on wetlands.

This Committee should urge through the Department of Treasury that each of the MDBs adopt issue-specific guidelines on wetlands that should be integrated into their environmental assessment process and country planning procedures.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS ACCOUNT

Mr. Chairman, Audubon receives the full support and endorsement of the World Wildlife Fund-US, Natural Resources Defense Council, Environmental Defense Fund, Friends of the Earth, National Wildlife Federation, and Sierra Club for seeking the following levels of funding for items in the International Organization and Program Account for items that directly affect and promote biological diversity:

Ramsar Convention on International Wetlands	\$ 750,000
CITES	\$ 1,230,000
ITTO	\$ 1,500,000
World Heritage	\$ 750,000
IUCN	\$ 2,800,000

As development programs in the United States and in many other countries increase their emphasis on local community participation, the IO&P programs identified above are cost-effective partners. These programs focus on local participation, training, and integration of science and natural resource management policies. They target specialized constituencies that can participate and monitor the programs' performance. They foster collaboration among private and public sectors, and bilateral and multilateral funders, and are producing important policy information that can be used by larger, broader-based programs. In short, they are a good value for U.S. foreign policy, both for environmental conservation and global security.

FUNDING OFFSETS

We recognize that this is a year of extreme budget constraints. We maintain that the recommendations we have made in this testimony are fiscally reasonable. They do not require an increase in foreign assistance. Rather, they require a significant shifting of priorities within the account from military assistance to development assistance. Currently, only 40 percent of U.S. foreign assistance is considered development assistance. Among industrialized countries, the United States is next to last in the percentage of its gross national product devoted to development assistance. Only Ireland spends less.

This committee has already taken great steps in reprioritizing the foreign assistance budget. You have always recognized the critical importance of sustainable development programs from population to education to natural resource conservation. We urge you to continue this conversion. While some of the increases we are recommending are large in terms of percentage, the actual dollar amounts are low in comparison to current expenditures for other budget items. To increase funding in the areas we have recommended, we propose that outdated programs be eliminated from the International Affairs budget. Some possibilities include:

- eliminating security assistance to NATO countries, including base rights payments to Portugal, Spain, Greece and Turkey.
- transferring non-NATO Foreign Military Financing (FMF) to the Defense budget where it can be evaluated against other national security expenditures. FMF has far more potential to create regional instability than to calm it
- reducing and consolidating international broadcasting services (Voice of America, Radio Free Europe and Radio Free Liberty). The opening of the Eastern Bloc makes this a natural progression.

We believe there is broad public support for these consolidations and shifts in resources. American citizens are seeing themselves as partners with others around the world committed to a decent standard of life for those on the earth today and for those generations to come.

Thank you for consideration of these issues. We look forward to working with you during this session of Congress.

STATEMENT OF THE AMERICAN SOCIETY OF TROPICAL MEDICINE AND HYGIENE

The American Society of Tropical Medicine and Hygiene is a professional society of over 2,600 researchers and practitioners dedicated to the prevention and treatment of tropical and infectious diseases. The collective expertise of our members is in areas of basic science related to parasitologic and infectious diseases of the developing world, and in public health, epidemiology, and medicine. From these perspectives, we believe that we can provide helpful information about the role that the Agency for International Development (A.I.D.) has played in international health and in supporting research for the development of tropical disease prevention and control measures. We are very appreciative of this Committee's past support for research on tropical and infectious diseases through the research and international health programs managed or funded by A.I.D. We are aware of the tight fiscal constraints you have faced during this time, particularly in 1993, and are grateful for your efforts to direct resources to these critically important A.I.D. health research programs.

Tropical diseases such as malaria, river blindness, leprosy, and African sleeping sickness are major international health problems. Five hundred million people worldwide--one person in ten--currently suffer from these and other tropical diseases, and two and a half billion people--half the world's population--are at risk. These diseases take a tremendous toll on developing nations. Tropical infectious diseases hamper economic development, impair physical and intellectual growth, cause severe disfiguring and emotional suffering, and cause financial burden to patients and their families. Despite the enormous personal and financial burdens posed by these diseases, American foreign aid efforts have not made the improvement of health through research a priority.

A.I.D. conducts many unique--and critically important--health programs in developing nations. Some of these health programs are collaborative efforts with other government and non-government agencies and organizations, such as the Special Programme for Research and

Training in Tropical Diseases (TDR) of the World Health Organization. The TDR program awards competitive grants worldwide to research and develop new methods of prevention, diagnosis, treatment, and control of major tropical diseases. We are especially appreciative of your efforts last year regarding TDR, in which you urged A.I.D. to double its support to \$5 million. As the Committee stated in its 1993 Committee Report:

"The Committee joins the House Committee in urging AID to proceed with a \$5,000,000 program for research and training to combat tropical diseases. These diseases, such as malaria, schistosomiasis, and Chagas disease, cause acute suffering among an estimated half a billion people and economic hardship in many tropical countries. This international program is cosponsored by UNDP, the World Bank, and WHO. AID has provided \$2,500,000 for tropical disease research (TDR) for each of the past 3 years."

Unfortunately, we learned recently that A.I.D. has said that it will not follow the Committee's guideline for TDR in 1993. Rather, A.I.D. will provide only \$2.5 million in 1993. We are extremely disappointed that A.I.D. has chosen not to follow the Committee's recommendation. The 1992 A.I.D. contribution of \$2.5 million constituted less than nine percent of TDR contributions for that year. The request of \$5 million for 1993 would cover only the amount of grant support currently awarded to U.S. investigators. We respectfully request that the Committee follow up on this important matter and we urge A.I.D. to provide \$5 million for TDR in both 1993 and 1994.

Another A.I.D. collaborative effort is through the U.S. Public Health Service (PHS), which provides technical expertise and financial support for tropical disease research, training, and control programs in areas such as vaccine development, child survival, field surveys, and malaria immunology. These and many other collaborative efforts are conducted with the National Institutes of Health; the Centers for Disease Control; and the Food and Drug Administration.

Today, the United States is presented with an exceptional opportunity to improve the health of thousands, and perhaps millions, of people worldwide. As this Committee knows, U.S. foreign aid has historically been made according to a country's military or strategic significance. With the conclusion of the Cold War, the U.S. no longer has a rationale for its

\$18-20 billion annual foreign aid program as we know it, and is presented with a unique opportunity, particularly with a new Administration, to redirect its foreign aid assistance from one based on strategic significance to one based on health assistance. We have not emphasized the relationship of health to economic development, yet health is a logical focus for foreign aid that takes advantage of U.S. expertise. Health programs in the developing world improve the quality of life, are an essential prerequisite for productivity and development, and enhance the credibility of American foreign policy. Simply put, improvement of health is inextricably linked to development--sick people are unable to work. Therefore, the improvement of health must become a major priority of our foreign assistance program. Funds presently provided for health represent less than five percent of the U.S. foreign aid development budget. This amount should be increased to 20 - 30 percent, as military assistance is decreased. The role of the Centers for Disease Control and Prevention (CDC) in international health must also be supported.

The current U.S. foreign aid program in health has several flaws that limit its ability to address critical problems such as malaria, tuberculosis, HIV, and numerous other infectious diseases. For example, increasingly fewer health and nutrition personnel with scientific or medical backgrounds are working in the program, particularly at decision-making levels. Any new foreign aid policy should address this issue. Another problem is that the emphasis on disease-specific interventions has been reduced.

Among the critically important research areas funded by A.I.D. is the Malaria Vaccine Development Program, the research of which is conducted primarily in the U.S. This is a unique, successful initiative against the ever-increasing prevalence of this disease and should be fully supported. This support should be commensurate to the importance of the problem--malaria infects as many as 300 million people and is responsible for one to two million deaths annually-- and the fact that considerable advances have been made in malaria vaccine development. A decrease in support would cripple and delay the chances for development of such a vaccine.

Infectious, and particularly tropical, diseases remain the leading killer of people worldwide and they are a reemerging health problem in the U.S. Our success in treating and controlling many of these diseases has left policy makers with the misconception that they are

no longer a threat to America's public health. Nothing could be further from the truth. No nation, no matter how affluent, can afford to be complacent regarding diseases which are endemic to much of Africa, Asia, and Latin America. Tropical infectious diseases are acquired and spread through tourism, business travel, trade, immigration, and military activities. Examples of how these dangers still exist in and affect the U.S and other industrialized nations include:

- * After almost a century of absence, cholera has returned to the Western Hemisphere in epidemic proportions. Although this epidemic first appeared in Peru, it has also been identified in both Louisiana and Texas
- * The causative agent of the Unexplained Respiratory Disease Syndrome (URDS), the mysterious flu-like illness that has claimed at least 13 lives in the American Southwest, is believed to be a new strain of rodent-borne virus related to Hantaan Virus, the agent responsible for thousands of cases of Korean Hemorrhagic Fever (KHF) and hundreds of deaths among United Nations troops during the Korean War. Hantaan, which is also responsible for over 200,000 cases of epidemic hemorrhagic fever with up to a 10% annual fatality rate in China, and the related Puumala virus, which causes endemic renal disease in Scandinavia, have been implicated in mini-epidemics in the Mediterranean during the 1980's. These and similar viruses have been found in rodents throughout the world. If the Navajo or URDS disease agent is closely related to Hantaan, there will be a large spinoff from the extensive research on hantaviruses undertaken by American military and other tropical infectious disease experts over past decades
- * U.S. troops participating in Operation Restore Hope in Somalia reported 140 cases of malaria, more than 100 cases of arthropod-borne viral diseases such as Dengue, West Nile, and Sinbis Fevers, and numerous cases of debilitating diarrhea. To a lesser extent, U.S. troops participating in Operation Desert Shield/Desert Storm also experienced problems. Among these were at least 13 cases of leishmaniasis (the most recent case having been diagnosed in May 1993), a tropical disease transmitted by sand flies and through blood. The leishmaniasis

outbreak resulted in a moratorium on blood donations from all U.S. personnel who served in that area

- * Tuberculosis was a leading cause of death in the United States 100 years ago. Improvements in health and in living conditions steadily reduced the number of TB cases and deaths for 40 years, until 1985. Today, the resurgence of TB in the U.S. is all too familiar--the number of new cases has increased from 22,517 in 1987 to 26,283 in 1991--and multi-drug-resistant strains are of particular alarm. Worldwide, the epidemic is even more serious, with an estimated 10 million new cases and three million deaths annually

In conclusion, the American Society of Tropical Medicine and Hygiene urges the Committee to take advantage of the opportunity that is before us in the new world order, to place a new emphasis on strengthening and improving our international health efforts. The United States must realize that good health is a prerequisite to economic development. While the Society is aware of the demands that the Committee must balance this year, we truly believe that this is an investment that will pay handsome dividends and one that the United States cannot overlook. At an absolute minimum, we urge the Committee to maintain funding for A.I.D. health programs at the 1993 level, and we are optimistic that the Committee will be able to provide an increase for some of the initiatives discussed above.

STATEMENT OF THE ALLIANCE FOR INTERNATIONAL EDUCATIONAL AND CULTURAL EXCHANGE

Thank you for welcoming our recommendations on Fiscal Year 1994 foreign assistance appropriations. The Alliance for International Educational and Cultural Exchange is an association of sixty-one nonprofit organizations comprising the international educational and cultural exchange community in the United States whose mission is to formulate and promote public policies that support the growth and well-being of international exchange linkages between the people of the United States and other nations. A full description of the Alliance and its membership is attached.

The membership of the Alliance, which has extensive collective experience in working with developing nations, is convinced that human resource development is a cornerstone for sustainable development and that it is critical for success in dealing with every major challenge facing

developing nations, from democratic institution building to environmental degradation. The United States is uniquely positioned to assist developing nations in meeting their human resource development needs through education and training programs while serving our own domestic and foreign policy interests.

Unfortunately, vital education and training programs at the Agency for International Development (AID) are at risk of being eliminated or drastically reduced during the upcoming fiscal year unless specific steps are taken by the Subcommittee to protect them. Loss of these programs would be severely detrimental to the overall goals of the U.S. foreign assistance program. Moreover, we believe decisions about the future of essential programs such as these should be made as a part of the overall revision of the U.S. foreign assistance program, not through a budget cutting exercise which precedes it.

As decisions are made about funding priorities for the coming fiscal year, the Alliance recommends that the Subcommittee consider the central role human resource development plays in making development sustainable. Education is the foundation on which stable societies and economies are built. Without significant education and training programs at all levels, our foreign assistance efforts will only have short-term benefits. Lasting results can only be achieved when people in developing countries are empowered with the knowledge and skills necessary to carry on the work after U.S. funding and support are removed.

Democracies require an educated citizenry. Education and training programs that not only teach people in developing countries about open, democratic systems, but also bring them to the United States to experience our system first-hand are essential to democratic institution building.

Environmental problems can only be solved if there is widespread understanding of the problems and the solutions. While it is vital, and urgent in some cases, that the United States undertake projects to find immediate solutions to pressing problems in the environment and other areas, if these projects are not accompanied by a strong program of education each generation will repeat the mistakes of preceding generations.

One of the major obstacles to containing the world's population is people who are ignorant about alternative choices. Education for girls in developing countries is particularly important. It has been demonstrated that there is a direct relationship between female education and lower levels

of fertility and population growth. Nutrition levels, and therefore overall health, of children in developing countries, improve as mothers receive more education, and the children of women with at least a basic education are more likely to be educated themselves.

Statistics also show that there is a strong correlation between education and economic growth and security. For instance, in Honduras only 40 out of every 100 children that are enrolled complete primary school, while in Korea, a country that has dramatically emerged from developing country status, almost every student that is enrolled completes primary school.

Through education and training at all levels, the people in developing countries will be empowered to seek their own solutions to the problems they face, to further develop their economies and societies, and to deal with environmental, health, and other problems that affect us all. Basic education builds a foundation for more advanced education and training programs. Increased higher education and training opportunities, at the same time, provide the essential knowledge and skills people in developing countries need to build their own educational systems and to develop research capacities in order to better address the problems they face.

Expertise in human resource development, institution building and science and technology makes the United States uniquely qualified to provide technical assistance in these areas and to move developing countries further down the road to self-reliance. This capacity includes the many non-governmental organizations, nonprofit entities, and universities and colleges which can provide advanced training for the leadership of developing countries and emerging democracies as well as assist in research and provide technical assistance for development efforts that will lead to the building of stronger institutions both in education and in other fields. Certainly, no other major donor nation is able to provide such extensive expertise in these areas.

Most significantly, it is strongly in our national interest to apply our educational resources to the challenges of development. In the fluid, multipolar world of the 1990s, the United States must work hard not only to maintain its leadership role in the world but also to sustain and promote its domestic economy. Education and training assistance is a two-way street, with strong benefits accruing for institutions and communities in the United States as well as in developing countries. Virtually all AID training funds, for example, are expended in the United States at our colleges, universities and other educational institutions. Fundamental ties are built through these activities which have lifelong significance and repay the United States many times over. Additionally,

exposing people to U.S. goods and services, particularly those people who are brought to the United States for training programs and trained on U.S. equipment, fosters a preference for U.S. products, opens up major new markets for U.S. businesses, and results in more job opportunities for U.S. citizens.

There are four specific offices and programs at AID that play particularly important roles in achieving the goals of the foreign assistance program through human resource development, all of which are facing significant cuts. The Alliance recommends that the Subcommittee pay special attention to these programs as funding decisions are made.

One of the most effective programs administered through AID is the Jefferson Fellowship Program (formerly the participant training program), which has brought over 300,000 participants to the United States for both academic programs and short-term training programs since the 1940s. Jefferson Fellows acquire important knowledge and skills that they can put to work in building the infrastructure of their home countries, and they form important relationships while in the United States that will have a significant impact on our political and economic relationships with these countries in the future. The Jefferson Fellowship Program can also play an extremely important role in addressing the basic education crisis in developing countries by educating teachers and administrators, further illustrating how AID's higher education and basic education programs are linked together.

Unfortunately, despite all of this, the number of participants coming to the United States under the auspices of the Jefferson Fellowship Program has dramatically decreased over the last few years. The Alliance is extremely concerned about this downward trend and believes it must be reversed. Approximately 18,000 Jefferson Fellows were brought to the United States in 1990; in 1992, there were only 14,263.

This trend in AID-sponsored trainees only serves to exacerbate a precipitous decline in the number of students from developing countries who are able to attend U.S. higher education institutions on their own. Between 1982 and 1991 the number of foreign students from Africa has declined from 42,690 to 21,890. During this same period, the number of students attending U.S. institutions from Latin America has declined from 56,810 to 43,200. Without assistance through programs such as the Jefferson Fellowships, students in developing countries will increasingly be

denied access to our higher education system, and the United States will lose significant opportunities to build political and economic partnerships around the world.

We respectfully request that this subcommittee direct AID's missions to allocate a substantial portion of their resources to the Jefferson Fellowship Program in order to reverse the downward trend in participant numbers.

Programs administered through the Office of Education at AID are also critical. This office has played a central role in developing education programs that increase access to and the quality of education in developing countries. It has also provided unique leadership in increasing the number of programs which address girls' education and in the use of new learning technologies designed to improve the cost-efficiency of delivering quality education programs. AID's relatively modest investment in education through this office has been significant in leveraging host country and other donors' investments, particularly the World Bank and other multilateral agencies, in productive and appropriate ways. This is an important leadership role for the United States and one that should be maintained. Funding for the Office of Education must be sufficient to continue to deliver the high-quality programs for which it is known.

The AID Center for University Cooperation in Development also plays a vital role in leveraging scarce resources. The University Center encourages and supports the development of long-term, sustainable and mutually beneficial linkages between U.S. and developing country higher education institutions. The higher education community in the United States has over time found it increasingly difficult to play a role in the U.S. foreign assistance program, and the University Center, created in 1990, provides an important means to tap the rich resources and expertise found in U.S. colleges and universities. These projects support the internationalization of U.S. campuses and help developing country institutions to strengthen their capability to meet national and local societal needs.

The University Center is reportedly at serious risk in the current budget. The Alliance believes that it is essential that the Center be maintained. Without the support provided by the Center, AID will lose its most important linkage to the rich resources of the U.S. higher education system. The cooperative programs administered by the University Center are vital to helping institutions in developing countries become more self-reliant.

We urge the Subcommittee to provide funding for the University Center to continue its current programs as well as to begin implementation of the Higher Education and Development Project (HEAD), which has been in development for two years.

Finally, another important education program administered by AID is one that plays no role in educating people of the developing world. The development education (Biden-Pell) program strives to educate U.S. citizens about the importance of the U.S. foreign assistance program. In tough economic times such as those we face today, U.S. citizens need to understand the vital role that foreign assistance plays in maintaining our position in the world. The ties that bind the United States to the developing world - through trade, travel, education, and immigration, for example -- have so proliferated that economic and political policies formulated abroad have a profound impact on this country, and it is essential that U.S. citizens understand this interdependence. Additionally, they must understand that not all money invested in these programs is being spent overseas and that foreign assistance funds are bolstering the domestic economy. The Jefferson Fellowship Program and the University Center, for instance, provide important funding to U.S. colleges and universities. The development education program fulfills an important educational role within the foreign assistance program.

In closing, we would like to reiterate the need for education in all aspects of development assistance. Education is not only a goal unto itself, but is an essential ingredient in the process of building long-term, sustainable development.

Thank you.

STATEMENT OF THE ALLIANCE FOR INTERNATIONAL EDUCATIONAL AND CULTURAL EXCHANGE

Mission

The Alliance is an association of nonprofit organizations comprising the international educational and cultural community in the United States whose mission is to formulate and promote public policies that support the growth and well-being of international exchange linkages between the people of the United States and other nations.

Principles

In pursuing this mission, the Alliance and its members are guided by the following principles:

- The experience and relationships gained through international exchange are essential to furthering global peace, freedom, mutual understanding, international cooperation, economic prosperity, and the growth of human knowledge.
- International exchanges enhance the effectiveness of the United States in dealing with other nations by building the global competencies of Americans, skills which are increasingly important in the world emerging at the close of the 20th century.
- Participating in international exchanges contributes fundamentally to the intellectual development of the individual.
- The conduct of international exchanges must embody the highest standards of quality, integrity, and professionalism, and must offer the fullest possible equality of opportunity.
- The international exchange community in the United States has a responsibility to advocate public policies needed to sustain and strengthen international linkages with other countries through educational and cultural exchanges.

Activities

In fulfilling this mission in conformity with our principles, the Alliance undertakes activities set forth by the membership and leadership focusing on the following areas:

- *Common Agenda* Formulating a set of public policy concerns and recommendations which supports the broad common interests of the organizations making up the international exchange community in the United States.
- *Advocacy* Organizing an effective program of government relations activities, including both direct representation with policy makers and the marshalling of grass-roots constituencies in pursuit of this common agenda.
- *Forum* Providing a meeting ground for the leadership of the international exchange community to discuss issues of mutual concern and develop cooperative approaches to them.
- *Coalition Building* Developing constituencies to support international exchange both within the exchange community and in other sectors of American society.
- *Information Services* Furnishing comprehensive information about policy issues affecting the future of international exchanges and other matters of broad interest to the international exchange community.
- *Public Awareness* Building public awareness about the critical role of international exchange in meeting global, national, and individual needs for international knowledge and relationships.

Alliance for International Educational and Cultural Exchange

Services

- Professional representation for the international exchange community to policy makers in Congress, federal agencies, and elsewhere.
- Comprehensive monitoring of policy developments affecting international exchange through the *Alliance Policy Monitor*, the most authoritative source available for detailed, leading-edge information on policy trends.
- Leadership in organizing the international exchange community as an effective constituency for its goals and programs.
- Workshops, presentations, and meetings on policy-related issues and advocacy skill development for member organizations and professionals concerned with international exchange.
- Publication of the *International Exchange Locator*, the most comprehensive directory available on U.S.-based organizations, federal agencies, and Congressional offices involved with international exchange.
- Special policy studies and other publications on issues of interest to the international exchange community.

Leadership

Co-Chairs:

Lewis A. Tyler, LASPAU
William M. Woessner, Youth For Understanding

Executive Committee:

William Barraclough, People to People International
Christine S. Burbach, World Learning, Inc.
Richard J. Deasy, National Council for International Visitors
Richard W. Dye, Institute of International Education
Jennifer Froistad, AFS-USA
Jacqueline Harrington, American Assembly of Collegiate Schools of Business
Ellen Hoggard, Open Door Student Exchange
Edith S. Katz, Council on International Educational Exchange
Toneite T. Long, Delphi International Group
Glenn Shive, Council for International Programs

History

The Alliance was created on January 1, 1993, by the integration of the memberships and resources of the International Exchange Association and the Liaison Group for International Educational Exchange. The Liaison Group was established in 1980 by the higher education international exchange community. The International Exchange Association represented the youth and citizen exchange sectors of the community and was established in 1985.

Staff

Norman J. Peterson, Director
Carl A. Herrin, Associate Director and Senior Policy Specialist
Jynks Burton, Policy Specialist
Carolyn Lantz, Member Services Manager

Alliance for International Educational and Cultural Exchange

Membership

Academy for Educational Development	Delphi International Group
AFS Intercultural Programs	EF Foundation
AIESEC-United States	Educational Testing Service
America-Mideast Educational and Training Services, Inc.	The Friendship Force
American Assembly of Collegiate Schools of Business	The Fulbright Association
American Association of Collegiate Registrars and Admissions Officers	Girl Scouts of the USA
American Association of Community Colleges	Institute of International Education
American Council on Education	InterExchange, Inc.
American Council of Teachers of Russian/American Council for Collaboration in Education and Language Study	International Christian Youth Exchange
American Council of Young Political Leaders	International Research and Exchanges Board
American Heritage Association	International Student Exchange Program
American International Student Exchange	Japan-America Student Conference
American Scandinavian Foundation	Latin American Scholarship Program of American Universities
American Secondary Schools for International Students and Teachers	Meridian International Center
ASPECT Foundation	MAST/PART International
Association of International Education Administrators	Nacel Cultural Exchanges
Association for International Practical Training	NAFSA: Association of International Educators
CDS International, Inc.	National Association of Secondary School Principals
Children's International Summer Villages	National Council for International Visitors
Citizen Exchange Council	National FFA Organization
The College Board	National 4-H Council
Communicating for Agriculture, Inc.	Ohio State University Agricultural Intern Program
Council for International Exchange of Scholars	Open Door Student Exchange
Council of American Overseas Research Centers	Partners of the Americas
Council of Graduate Schools	People to People International
Council of International Programs	Sister Cities International
Council on International Educational Exchange	Spanish Heritage-Herencia Espanola
	World Education Services
	World Exchange
	World Experience
	World Learning, Inc.
	YMCA International Program Services
	Youth Exchange Service, Inc.
	Youth For Understanding

STATEMENT OF ROBERTA BALSTAD MILLER, PRESIDENT, CONSORTIUM FOR INTERNATIONAL EARTH SCIENCE IN- FORMATION NETWORK

Mr. Chairman, thank you for this opportunity to present testimony to your committee. My name is Roberta Balstad Miller, I am the President and Chief Executive Officer of the Consortium for International Earth Science Information Network (CIESIN, pronounced "season"). My testimony will focus on our consortial strategy and activities in the international arena, as these pertain to population, environment, and health issues of concern to the Subcommittee. I will also recommend to the committee that the CIESIN Initiative can provide a positive influence on the foreign assistance funding provided to the international development agencies under your jurisdiction. My testimony is explicitly organized around the primary institutional and programmatic frameworks in which we are operating: the unique role of CIESIN in implementing the statutory Global Change Research Information Office for the Executive Office of the President and the global change research data and information capacity building efforts of the International Social Sciences Council, the International Council of Scientific Unions, the United Nations system, the Third World Academy of Sciences and the World Engineering Partnership for Sustainable Development.

Mission and Background

CIESIN is a national, non-profit research and applications consortium of six universities and a research institute, including the University of Michigan, Michigan State University, the University of Maryland at College Park, Polytechnic University of New York, Saginaw Valley State University, Utah State University, and the Environmental Research Institute of Michigan (ERIM). In addition, CIESIN works closely with the National Center for Geographic Information and Analysis (NCGIA), at the University of California, Santa Barbara (UCSB).

CIESIN's statutory mission is to facilitate access to, use, and understanding of global environmental change information worldwide. CIESIN is an agency-neutral program that specializes in the access and integration of interdisciplinary Earth and human science information across agency missions and scientific disciplines. CIESIN is privileged to be fulfilling its statutory mission through the continued support and vision of the U.S. Government.

The CIESIN Initiative was founded on the premise that the United State's endeavor to achieve worldwide sustainable development of the Earth's resources must be rooted in full and open sharing of information and knowledge about the processes of environmental change and the strategies for mitigating or adapting to changes. Objectives of the CIESIN initiative are to solve the challenges posed by sharing heterogeneous scientific data and information; enabling access and use of data and information by a diverse community of potential users; and promoting the understanding of integrated earth and human science information. CIESIN is emphasizing the human dimension of global environmental change and interactions between human and physical processes of global change.

As the Committee is aware, Agenda 21, the plan of action of the United Nations Conference on Environment and Development (UNCED), recommends the development of global, regional, and national information systems and networks to support implementation of its many programs and activities. CIESIN actively participated in UNCED and has taken a strong lead in following up on the above Agenda 21 recommendation. The international network which CIESIN is advancing is dedicated to promoting a greater understanding and a broader consensus on one of the greatest and most complex challenges of modern times: understanding the impact of humankind on our global habitat. In this regard, CIESIN is in an advanced stage of creating a data and information network for research, policy, and education on global environmental change.

Both the US Congress and NASA, the agency directed by the Congress to administer the CIESIN Initiative, stressed the international scope of CIESIN's mission. Congress specified broad international involvement, and NASA emphasized the need to focus

international activities on the developing world. Accordingly, CIESIN is aggressively involved in international data and information activities. CIESIN is developing close collaboration and working relationship with major international scientific programs, inter-governmental and multilateral agencies, as well as institutes, organizations, and industrial partners involved in global change efforts.

CIESIN and its international partners are accomplishing the following: making operational an on-line data and information access and dissemination service; developing a common analytic framework to enhance the understanding of the human dimensions of global change; and advancing vital US interests in promoting mitigation, adaptation, and related environmental response technologies. These efforts of CIESIN are described in the following sections.

U.S. Global Change Research Information Office

CIESIN has been designated by the Committee on Earth and Environmental Sciences of the Office of Science and Technology Policy's Federal Coordinating Council on Science, Engineering and Technology to implement the Global Change Research Information Office (GCRIO). The scope of the GCRIO as specified in the Global Change Research Act of 1990 (P.L.101-606) includes not only activities to disseminate federal publications and information useful in identifying, preventing, mitigating, or adapting to the possible effects of global change but also to provide such US-based information particularly to foreign nationals and organizations. Accordingly, CIESIN is engaged in activities to (1) determine GCRIO-specific and related information holdings and dissemination methods used by various US agencies and developing modalities for conveying that information to end-users; (2) developing a capability to point-to, store, retrieve and directly disseminate federal global change research information and (3) provide customer service to both technologically sophisticated as well as low-technology end-users as stipulated in the legislation.

The US Administration has recently re-prioritized environmental technologies as a mechanism for enhancing US exports. Mitigation and adaptation have been underscored as critical elements of the broadened US Global Change Research Program and improved access to Federal information resources is being mandated, both by Executive action and as manifested in pending legislation, such as the High Performance Computing and High Speed Networking Applications Act of 1993 (HR 1757). Based upon the Administration's clear signal of changing priorities, the GCRIO operated by CIESIN becomes a more critical component in transfer of information pertaining to mitigation, adaptation and environmental technologies, particularly in the context of outreach to international partners in the developed and developing nations. In this context, through GCRIO, CIESIN plans to offer data and information that will become available through US supported country studies to be carried out as mandated by the Framework Convention on Climate Change and being promoted by the Intergovernmental Panel on Climate Change.

It is in the US national interests and appropriate in the context of the Public Law that the GCRIO be an effective outreach arm to support the President's environmental export initiative, as set forth on 22 April 1993. CIESIN is cognizant of this important responsibility and within the modest resources made available, it is striving to maximize the effort to effectively implement an operational US GCRIO.

Data and Information Infrastructure and Data Resources

CIESIN has established an Information Cooperative of global change data suppliers and data archives to (1) provide a mechanism to access data related to human dimensions of global change; (2) provide a vehicle to stimulate the integration of human dimensions and natural sciences data; and (3) enable scientists, applied users, policy makers, and the public to access these data and information. The Information Cooperative will draw on scientific experts representing all relevant disciplines to integrate data and to conduct analysis to better understand and predict the causes and effects of global environmental change. The Information Cooperative is the basis for engaging data resource holders and

enhancing data access through provision of readily accessible directory service for users world-wide. Data in the Information Cooperative is planned to be available within the US developed Earth Observing System Data and Information System (EOSDIS) through CIESIN, although individual subsets of the data may reside in archives and repositories all over the world.

Internationally, such data collection and dissemination efforts are closely linked to the global observing system development being fostered by the international research programs on global change. An organizational priority of CIESIN is to develop a close working relationship with such research programs as well.

CIESIN's International Partners

CIESIN actively collaborates with the recognized international research programs on global change, namely the International Council on Scientific Union's (ICSU) International Geosphere-Biosphere Research Programme (IGBP), the International Social Science Council's (ISSC) Human Dimensions of Global Environmental Change Programme (HDP), and the World Climate Research Programme (WCRP) which is jointly sponsored by ICSU, the World Meteorological Organization and the International Oceanographic Commission. Focused activities with these organizations serve U.S. international interests by providing important linkages in the global environmental change arena.

HDP-Data and Information System

CIESIN is currently playing a key role in the international Human Dimensions of Global Environmental Change Programme: that of HDP's Data and Information System (HDP-DIS) development. CIESIN is developing an advisory structure for the HDP-DIS to establish primary DIS requirements, the exploratory assessment of a cataloging system for participating socio-economic data archives (particularly in US and Europe), and the development of an Internet-based information server to communicate HDP activities world-wide. CIESIN's special role in the HDP-DIS effort will substantially enhance CIESIN's operation of the Socio-Economic Data and Applications Center facility under the US EOSDIS and provide the US research and policy community with a unique access to the international data/information holdings on socio-economic issues pertinent to global environmental change.

SysTem for Analysis, Research and Training (START)

START is an initiative of the three established international global change research programs, namely IGBP, HDP and WCRP. It will develop regional networks for global change research focused on regional problems of global importance. In concurrence with the urging of the Subcommittee on Global Change Research of the Committee on Earth and Environmental Sciences of the Office of Science and Technology Policy's Federal Coordinating Council on Science, Engineering and Technology, CIESIN provides substantial support for the operation of the International START Secretariat located in Washington, D.C.

This support is consistent with the policy of the President's Executive Office of promoting, through the US Global Change Research Program, regional institutes of global change research focused on developing regions of the world where scientific and institutional capacity to conduct in situ research and related data/information gathering and analyses is in great need of enhancement. START's programmatic activities in the developing regions of southeast Asia and Africa are funded by the Global Environment Facility and the United Nations Development Programme. Through collaboration with the START initiative, CIESIN not only promotes regional capacity building in these regions, but also gains strong affiliation with regional efforts to collect and disseminate global change research data and information. Given the US interests in these regions, CIESIN's affiliation with START should be viewed as a national investment aimed at advancing US interests in the developing world.

The United Nations System

Collaborations with the United Nations agencies are important component of CIESIN's international activities. The UN is well positioned to facilitate worldwide information sharing, and is an ideal partner for supporting and contributing to CIESIN's Information Cooperative in international data and resource sharing activities. The UN pursues a global mandate to collect and archive a vast array of information on a global and regional scale. Within the UN system, several specialized agencies provide data and resources relevant to the human dimensions of global change. However, given the antiquated data handling systems currently in use, the UN system has inadequate data access and sharing facilities. Furthermore, while some of the UN agencies participate in various data groups (e.g., Committee on Earth Observing Satellites, the Global Climate Observing System, The Global Ocean Observing System, and the Global Terrestrial Observing System), their actual level of participation does not as yet adequately address needs for interoperability of information systems.

CIESIN is ideally situated to interface with the UN system's disparate data and information systems. Collaborative activities with the UN-system components are planned to become operational from fiscal year 1994. In this regard, CIESIN is developing a set of priority collaborative activities with components of the UN system focusing on access, archival and dissemination of data in three major domains, namely population and demographics, human health, and environment and land use. For example, CIESIN has entered in to a cooperative arrangement with the World Health Organization to make its mortality data base available on-line, including a capability to perform geographically consistent visual display and analytical tools using appropriate geographic information systems. Pilot phase of this effort involves mortality data from Senegal, West Africa. Another example is a collaborative arrangement with United Nations Environmental Programme's Global Resource Information Database (GRID) whereby CIESIN and GRID will become interoperable systems with mutual capabilities to access, display, analyze and disseminate land use and related environment data using geographic information systems.

Other projected activities, including collaborative ventures with Food and Agriculture Organization, are in early stages of development and will become operational in fiscal year 1994. CIESIN is also collaborating with UNDP's efforts to institute sustainable development networks in the developing world by bringing modern electronic linkages such as access to the Internet system developed by the US. This collaboration will be based upon CIESIN developed tool kit called Network Information Dissemination Architecture that is designed to ensure interoperability between information networks in disparate regions based on a wide variety of hardware/software configurations.

Finally, CIESIN participated in United Nations Conference on Environment and Development (UNCED) and is currently participating in its follow-up at the meeting of the Commission on Sustainable Development through presentations of CIESIN's data capture, dissemination and capture capabilities. In this context, CIESIN is also pursuing collaboration with the Intergovernmental Panel on Climate Change and UNITAR, both of whom are engaged in various aspects of follow up to the Framework Convention on Climate Change to which the U.S. is a signatory. Our efforts in defining common information systems architecture in consultation with the U.N. Sustainable Development Network offers an infrastructure resource which we believe to be valuable to the newly designated U.S. Commission on Sustainable Development, established by President Clinton on 14 June 1993.

Interactions with the World Bank

CIESIN has initiated interactions with the World Bank. These activities are projected to become operational in fiscal year 1994. First is the collaboration with World Bank's Environment Division on information sharing and dissemination. The World Bank routinely extracts a set of indicators reflective of the socio-economic status of various nations of the world. CIESIN's proposal to serve as a secondary disseminator for the approximately 2000 national indicator time series, including the World Tables, World

Debt Tables, Social Indicators of Development, World Development Indicators, and African Development Indicators, has received encouragement from the appropriate World bank officials. CIESIN will disseminate this data to users via electronic file transfer and conventional means such as diskette or magnetic tape. Further, CIESIN has also proposed collaboration with the World Bank to include description of the Bank's full set of socio-economic World Bank data in CIESIN's on-line directory system. Additionally, CIESIN has invited the World Bank to join the CIESIN Information Cooperative.

Second, CIESIN is working with appropriate collaborators to seek multilateral funding for the broader CIESIN mission of enabling information networks in the developing countries. Specifically, CIESIN is collaborating with the Third World Foundation (representing the Third World Academy of Sciences and the Third World Network of Scientific Organizations) and University of Maryland at College Park to develop a proposal to the World Bank to support setting up a network of research and training through establishment of centers for sustainable development. As indicated above, at least five such centers are envisaged to be set up in developing countries in the initial phase spanning the next couple of years and as many as fifteen additional centers are planned in the longer term. These centers would span a number of applied and fundamental earth science topics. Eventually, a networked system of research and training institutions will be activated in the developing countries that will operate in a fashion akin to the Consultative Group for International Agriculture Research (CGIAR) Network that is based at the World Bank.

Third World Academy of Sciences and Network of Scientific Organizations

The Third World Academy of Sciences (TWAS), in association with the Third World Network of Scientific Organizations (TWNISO) and the Third World Foundation (TWF), is engaged in fostering global change related applied science centers within the developing countries. TWAS, TWNSO and TWF are major institutional forces engaged in galvanizing a consensus in the developing world.

In the US context, CIESIN is unique in its involvement with TWAS and its affiliates. Specifically, the Third World Foundation, University of Maryland at College Park (UMCP) and CIESIN are studying the feasibility of establishing a fully integrated global change information acquisition, analysis and dissemination capability at the Arthur Clarke Center in Sri Lanka. Plans call for establishment of at least twenty such centers in developing countries that will enable CIESIN to acquire new information resource as well as information user base. The 1994 program will initiate efforts in five such centers.

World Engineering Partnership for Sustainable Development

The World Engineering Partnership for Sustainable Development initiative focuses on organizing the engineering communities around the world to support data and information accessibility and use to promote sustainable development projects. CIESIN is one of the founding partners of the WEPSPD. Strategic and long range plans for the WEPSPD are now evolving. Through collaboration with WEPSPD, significant engineering and applied science information is expected to become available for networking by CIESIN. This is consistent with CIESIN's intent to acquire and disseminate up-to-date information on appropriate technologies for environmental engineering projects, as well as industrial metabolism and related socio-economic activities of relevance to global change mitigation and adaptation.

Summary

In summary, the breadth of CIESIN's international engagement is formidable as the initiative continues to extend the reach of its information infrastructure and thereby improves access to crucial data and information resources at cooperating multilateral, intergovernmental, and non governmental institutions, and research centers. We recommend to the Committee that this initiative will seek cost sharing relationships with these cooperating partner organizations, leveraging the modest investment of the U.S. Government in the CIESIN initiative.

CIESIN is navigating across previously uncharted terrain, seeking the appropriate institutional and inter-organizational model to enable this important international endeavor. We appreciate this opportunity to apprise the Subcommittee of our activities and hope that you will facilitate this initiative with guidance borne of your valuable experience with foreign operations and multilateral institutional relationships.

CIESIN can serve a valuable role in communicating information on U.S. environmental technologies internationally; at once, CIESIN strengthens the infrastructure and information resources of several federal programs related to global change, public health, defense dual-use, access to federal information resources, and sustainable development. It is requested that the Committee commend the CIESIN Initiative to the efforts of the Agency for International Development and other international development activities of the Federal Government under the Committee's jurisdiction. It is also recommended that the Committee commend the program to the major international multilateral development organizations.

I would like to thank the Chairman and Members of the Subcommittee for affording the opportunity to update you on our progress.

STATEMENT OF FRAN P. HOSKEN, ON BEHALF OF THE WOMEN'S INTERNATIONAL NETWORK

I am very grateful for this opportunity to contribute this testimony for women's development as coordinator of Women's International Network - WIN - a non-profit organization with 501(c) 3 status. I work as publisher and editor of:

Women's International Network NEWS, a quarterly journal by, for and about women and development,
the CHILDBIRTH PICTURE BOOK / Program, (in 5 languages) - educational materials teaching women and families about reproductive health, safe motherhood / family planning - regardless of language or literacy, and
The HOSKEN REPORT - Genital and Sexual Mutilation of Females (4th updated edition)

WIN NEWS is currently in its 19th year of publication and covers "all the news that is fit to print by, for and about women" from all over the world. Every issue covers reports from Africa and Middle East, Asia and Pacific, Europe and the Americas; also Health, Environment, Violence, Female Genital Mutilation and we cover all United Nations activities of interest to women. **WIN NEWS** provides names and addresses with every entry and provides essential information for networking worldwide for all those concerned with women's development. We are glad to state that we have subscriptions from development agencies and organizations all over the world - both governmental and private, besides universities and institutions worldwide and also the Library of Congress, US AID and the Department of State, quite aside from private persons everywhere.

The CHILDBIRTH PICTURE BOOKS are used all over the world - more than 60,000 are in circulation - especially in Africa and India (they are printed in India by a women's health group in 5 Indian languages, also in Nepal and the Marshall Islands). We distribute two versions in English - one for the USA and one world-wide, also French, Spanish, Arabic and published this spring a Somali translation. The books have Nutrition Supplements and Additions to prevent Excision and Infibulation for the English, French, Arabic and Somali versions. We donate many thousands of these teaching materials to women's groups, midwifery schools and community health programs especially in Africa to all those working to prevent female genital mutilation (FGM). US AID, WHO, UNICEF and UNFPA all are using the CBPBs in large quantities.

The HOSKEN REPORT - Genital and Sexual Mutilation of Females - the Fourth updated and enlarged edition is coming out this summer: it is the most comprehensive research work on the subject and is recognized worldwide as an important resource. I established the epidemiology of FGM and was temporary advisor to the World Health Organization, participating as member of the Secretariat at the 1979 WHO Seminar in Khartoum on "Traditional Practices Affecting the Health of Women and Children" where I gave a research paper on FGM - a world review. (see Press Release on the Seminar attached, including the important recommendations).

Today I want to concentrate on two main issues which are based on my extensive worldwide experience with women's development programs: **Women's participation in development programs**, both as program planners and directors as well as program participants/beneficiaries.

Women still face massive discrimination especially in all UN agencies as decision makers and implementers of development programs. In part as a result of the absence of women in program development and design many development programs by the UN and USAID (United States Agency for International Development) fail to benefit women and frequently ignore women altogether. As a result too many development programs have not achieved projected results and the money has been wasted.

The other subject is **Women's Health** and specifically the continuing and ongoing problem of Female Genital Mutilation (FGM) that damages the health of more than 110 Million women and girls in continental Africa and parts of the Middle East (see tabulation attached). USAID still ignores and fails to support local eradication programs in Africa and fails to integrate such preventative initiatives in ongoing Family Planning programs (example Nigeria). International agencies to which the US contributes, for example WHO and UNICEF, also have failed to take effective measures or assist local programs in only limited ineffective ways for instance the National program to stop Excision organized by the Government of Burkina Faso. This national program is also ignored by USAID. (See WIN NEWS Summer '93, section on FGM).

FIRST: WOMEN AND DEVELOPMENT. Ever since International Women's Year "to integrate Women's Development" has been a United Nations and US Development Policy - on paper only. The two Percy Amendments: the second one made applicable to International bodies to which the US contributes such as UNDP, WHO, UNICEF, the World Bank, FAO, etc. was suggested by me to Senator Percy's office. The initial amendment was limited to USAID activities and did not include United Nations Agencies (to which the US contributes financially) that have a major influence on developing countries.

As editor of WIN NEWS I have access to a great deal of information from women in developing countries, their programs and activities as well as travelling all over the world and especially in Africa and Asia and other developing areas. As editor and journalist, I attend innumerable international conferences for instance a year ago I attended the UNCED (United Nations Conference on Environment and Development) in Rio de Janeiro as an accredited journalist.

In summary I regret to report that the situation of women in developing countries has not improved. On the contrary, the gains women made initially in the late 1970s and early 1980s have been wiped out and women are worse off than ever before in large part due to the World Bank/IMF (International Monetary Fund) policies of structural adjustment that have led to millions of women in developing countries losing their jobs. Often these women are the sole supporters of children, as many men abandon their families. In fact worldwide one-third of all families are headed and supported by women alone. The measures that Congress had to take to force irresponsible US men to support their children have been widely discussed. Men in most developing countries are even more irresponsible, quite aside from the fact that polygamy is still widely practiced all over Africa and also in large parts of Asia. The US is the first country that only quite recently is forcing men to contribute to child support.

Literacy: I would also like to point out that women's illiteracy is worse than ever. The gap between literacy of women and men is continuously growing as UNESCO statistics document. But UNESCO has utterly failed to address literacy for women effectively: we urge Congress when considering to rejoin UNESCO - which that agency is constantly seeking - to make this contingent on organizing effective literacy programs for women in all developing countries. It is a shame that UNESCO has and is doing so little about this basic and prime responsibility of this agency. We would like to repeat here again that infant mortality, women's health, family planning and successful development are directly related to literacy. It is next to impossible for women in developing countries to get work to support their children without being able to read.

We urge you to demand that UNESCO initiate major literacy programs in all the poorest developing countries as condition of US participation and that USAID should work with UNESCO and also provide support. Development will continue to fail as it has despite billions spent over the past decades unless a real worldwide effort is made to teach women basic literacy; what a woman learns she teaches her children. But that is not true for men who too often abandon their families and spend what they earn on themselves and not on their families as all development statistics confirm.

Finally, although the Second Percy Amendment (see attached) required that more women should participate as staff and decision makers in UN agencies (see statistics printed in the Congressional Record for 1974 attached), I regret to report that UN Agencies have ignored this request. The UN

Secretariat, UN Agencies and especially the World Bank are among the most discriminatory institutions anywhere in the world today.

The statistics shown at the end of the Amendment have hardly improved as two recent surveys made by WIN NEWS have documented. I must note that instead of setting an example to governments, especially of developing countries, the UN statistical office documents that only 3.4 percent of women are in decision-making positions at the UN and agencies: it is astonishing that the UN and the World Bank/IMF are the major groups of international institutions that have no **Equal Employment Rules** to date. As the legal advisor of UNDP told me when I asked about equal employment "We are not responsible to any authority; we make our own rules." As a result discrimination and sexual harassment are rampant throughout the UN and its agencies. They are responsible to no one and are run by a male buddy system of personal favoritism and discrimination based on the ruthless exploitation and sexual harassment of women as the *New York Times* has frequently reported most recently last December (see attached article).

It is outrageous that this is tolerated and financially supported by governments, including the USA. All of them have instituted many years ago effective equal employment laws which also protect women from sexual harassment. Yet all these governments including the US do not require the UN and its agencies to observe the same laws under which they operate. We request that the USA, as major contributor to the UN, to UNICEF, WHO, UNDP, FAO, UNFPA and especially the World Bank and other international institutions, **shall withhold all financing** until these agencies develop effective equal employment programs. This shall include **an independent judicial body/authority**, that is not beholden or dependent on the men in the agency, to impartially adjudicate complaints and provide protection to women from sexual harassment (see attached *New York Times* article).

The failure of women's development programs by UN Agencies (and also many of USAID) is in large part due to the fact that so few women are in decision-making positions and do not have the necessary influence to speak effectively for women's needs. Everyone familiar with development programs and with the extensive literature about women's development knows that discrimination and worse utter disregard for women's and children's needs is the cause of the failure. US men who design and plan development programs are not responsible for implementation. Local men of the host government or those who are hired to implement these programs have no interest to do so and only are concerned with getting a salary which they receive whether the program is successful or not. Women who are supposed to benefit and who have a direct interest are generally ignored both in planning and implementation.

The fact is that both USAID programs as well as programs of UN agencies (only a small percentage of funding is ever used for the benefit of women and children) have failed over the past 20 years to improve the status of women either economically, socially or educationally. More women and their dependent children are poor and illiterate today than ever before, ignorant, isolated, exploited, hungry and beset with health problems that are preventable. That in one sentence is the result of male dominated development, in large part funded by the US - a dismal record.

We urge that the UN and especially the World Bank and UNDP be required to hire women in decision-making positions everywhere (and trained if necessary for specific jobs) until parity is achieved; this is the only way development will succeed. By funding more of the same you only guarantee more poverty. Women are the home-managers everywhere. Development programs in many ways require the very same skills. The terrible damage done to women by World Bank Structural Adjustment programs could have been avoided entirely as the excellent Commonwealth Report "**Engendering Adjustment**" points out (Report of a Commonwealth Expert Group on Women and Structural Adjustment, Commonwealth Secretariat, Marlborough House, Pall Mall, London SW1Y 5HX, England); (see also WIN NEWS 16-4 Autumn '90, pp. 9-13).

But there are no women in the Bank to speak for women's interests. The World Bank is the International Agency where women have almost no influence on the development decisions. Their Women and Development program run by Barbara Herz has been called window dressing. The Bank has no reason to pay any attention to women's needs. Indeed the World Bank is responsible and accountable to no one. The US has utterly failed to require either equal employment rules or goals regarding women's development from the Bank. For instance, the Education Department of the Bank funds no women's literacy programs let alone any schools, but they fund large numbers of boys schools for instance in Africa.

It is a fact that structural adjustment has failed in most countries, especially in Africa where more and more people and especially women are destitute as a result. But there is no one who tells the World Bank/IMF to stop; they are a law unto themselves. Even if the programs fail the male Bank staff continues as they get paid no matter what happens. They are not held responsible even if women and children starve. UNICEF has documented the horrible results of World Bank policies on children by the growing infant mortality for instance in Africa where the World Bank/IMF programs are especially harsh, but the Bank has entirely ignored those facts. We urge this committee to require all UN agencies to immediately institute equal employment laws.

WOMEN'S HEALTH AND THE PERSISTENCE OF FEMALE GENITAL MUTILATION (FGM)

I am attaching here the latest statistics tabulating the spread of FGM in Africa. A conservative total is an estimate of 110 million girls and women are mutilated which is a considerable increase since I testified on the same subject first in 1981 (see Part I, Senate Hearings Before Committee on Appropriations, 96th Congress, pp. 757-770, before Senator Inouye). In 1979 I was the temporary advisor to WHO (World Health Organization) and member of the secretariat of the WHO Seminar on Traditional Practices Affecting the Health of Women and Children (see Press Release attached) and gave a research paper on the epidemiology of FGM around the world. I have continued research ever since and am publishing the Fourth Edition of the Hosken Report on Genital and Sexual Mutilation of Females (see page 1).

By now all subsaharan countries have publicly rejected FGM. An Inter African Committee (IAC) on Traditional Practices Affecting the Health of Women and Children has been organized by women in 1984 (President, Berhane Ras-Work, 147, rue de Lausanne, CH-1201 Geneva, Switzerland) with offices in Addis Ababa at the ECA and in Geneva, which now has affiliates in more than twenty-two African countries.

FGM has been entirely ignored by USAID, and there has been no assistance given. This despite the fact that for instance in Burkina Faso the Government is sponsoring a national program to eradicate FGM all over the country; but USAID has done literally nothing to assist this program though USAID has organized the first major Family Planning Program of that country. To integrate prevention of FGM with the introduction of Family Planning is easy to do by substituting damaging traditions with modern health practices involving the same group of people including traditional midwives. WIN NEWS has sent many hundreds of our teaching materials - the Childbirth Picture Books (CBPBs) - in French to Burkina Faso for the past 8 years or more; they are very much in demand. AID has supported their safe arrival by providing shipping assistance. But this year, when I offered to the FGM program a large quantity (2,000 books) AID refused to ship them claiming they had "no funds." It is impossible to ship books by post to Burkina Faso as they don't arrive.

Berhane Ras-Work, the Director of the IAC, was introduced to the Regional Office of Africa at USAID when she visited Washington in 1988. Dr. Gary Merritt in charge of health, after her visit, sent a cable to all African missions in countries where FGM is practiced and where the IAC has local affiliates to encourage their health/family planning coordinators to work with and provide support for the activities of the local communities to eradicate FGM. In most countries they are women leaders often in the health field (cable sent July 1988 from TR/HPN Division/Office of Technical Resources, Africa Bureau, AID; see WIN NEWS 14-4 Autumn '88, pp. 21-22).

But I regret to inform you that this cable and indeed all initiatives by local IAC groups have been ignored by local AID offices. Even in Burkina Faso where a ministry is in charge of the national campaign to eradicate FGM in a country that has very limited health resources, AID has provided no assistance and has ignored the mutilations of most of the female population. To this day all efforts by African women's groups in more than twenty-six countries to stop these terribly damaging practices have been ignored by USAID though in many cases well known women leaders are in charge.

In Nigeria a major Family Planning Program is funded by USAID; Nigeria also has the largest IAC program of any African country headed by the best known woman physician of Nigeria, Dr. Irene Thomas and supported by the Federal Minister of Health, Prof. Ransome Kuti. But the multimillion Dollar Family Planning Program of AID and its contractors have failed to do anything to stop FGM which is practiced all over Nigeria though of course the very same people concerned with reproductive health are involved. It seems incomprehensible that people who work in Family Planning would so utterly ignore Women's Health needs.

USAID and their contractors have spent millions on Family Planning for instance in Kenya. Most programs have been a failure and the money wasted, as African men continue to demand more and more children. But family planning programs do not address men- pretending that only women are responsible for birth control - though all family decisions in Africa are made by men. President arap Moi of Kenya has denounced and prohibited FGM already in 1982; but USAID and their contractors have failed to implement this prohibition in their family planning programs, showing utter disregard for women's health. FGM continues to be practiced in most rural areas of Kenya (except by the Luo) and infibulation as well by all Somali ethnic groups.

I already testified at least twice on this subject. In the past USAID had the excuse that African's were not concerned about FGM. This is no longer true as I have pointed out above, and as I continuously report in WIN NEWS. There are now active groups in almost all African countries working to stop FGM, but USAID and their contractors have and continue to ignore them which is unconscionable. USAID by their failure to support the African initiatives, even where the government is involved is condemning thousands of African girls to these permanent mutilations and life long terrible suffering and this is utterly reprehensible.

I pointed out in previous testimony that imported antibiotics and drugs, imported training and medical tools paid for by US taxpayers including women are now used by people USAID has trained to mutilate little African girls for money. USAID is ignoring this modernization and medicalization of FGM which goes on in all the cities from Bamako to Khartoum. But USAID has and is failing to stop this and is failing to discourage the medicalization of FGM including by those involved in US funded Family Planning Programs and this must stop. This is an outrage and on behalf of US women I must protest.

There is no reason why Family Planning Programs should not discourage FGM and speak about the terrible damage done by FGM which is graphically shown in our **Childbirth Picture Books**. All family planning workers trained by USAID in African countries where FGM is practiced must be taught about the damage done by FGM, urged to stop the mutilations and encouraged to teach against them. We have made free copies of our teaching materials that deal with reproductive health, encourage family planning and prevent FGM accessible to all AID missions and have repeatedly sent offers for free copies to their Health and Family Planning offices. Except for Egypt (in 1982) none of the missions have made effective use of these unique materials that teach the biological facts to illiterate people (most women in Africa). The silence about FGM on the part of USAID - now that African leaders have opposed it - is totally irresponsible because this **silence supports the continuation of FGM**.

Here attached a **Press Release on Somalia** from last winter, which was printed in many papers all over the US. It is evident that the violence practiced by each family under the label of "African custom" - the mutilation of female children, has a permanent influence on African life. The violence and civil wars that continue all over that continent are a direct result.

Just now again, violence is escalating in Somalia. I submit, there will never be peace until and unless the terribly violent family customs and the brutal mutilation of all female children - which forms the background for the socialization of all male children - a socialization for life-long brutality and violence - is not stopped. We are ignoring this obvious connection between family violence and the constant brutal civil wars all over Africa at our peril; because as in Somalia, the US is inevitably brought in as peacemakers. It would be far more effective to deal with the issue on the family level - where the socialization of all boys and men for violence begins. The Somali Government had begun an extensive eradication program of FGM (supported and financed by the Italian Government) in 1987/88, but then the civil war started. I was invited to Mogadishu to speak at their international conference on "Strategies to Eradicate FGM". But the US Mission ignored it all.

Finally, this committee should know that **African immigrants and refugees**, from the many civil wars in Africa, bring along their customs wherever they go, including to Europe and America. In France, three little girls from Mali died from Excision done to them by their families - because men demand the mutilations as marriage requirement. Fathers make sure that their daughters are mutilated according to custom, or they cannot get a good bride price when they want to marry (= sell) a daughter to a man. So fathers have their girls "done" when little, often as babies, as infants cannot protest. Three girl babies from Mali bled to death in Paris as a result of being mutilated, they were not brought to the hospital until too late.

All health ministries in Europe had to deal with this issue because health services are paid by governments. Britain passed special legislation against FGM. Canada recently started broad based education programs for their many Somali immigrants. We just sent 2,000 of our educational materials - **the Childbirth Picture Books in Somali** to the Health Ministry in Ottawa, which they had ordered to give to community health centers and refugee organizations.

There is no doubt that the mutilations are done on children of African immigrants in the US by African and Middle Eastern physicians or trained health workers; but they are protected by the privacy rules between patient and doctor. In Canada, the Ontario College of Physicians and Surgeons has addressed the problem and warned their professional members that these operations are illegal. The AMA (American Medical Association) whom I contacted several times and sent the Press Release from the Canadian Physicians, have not bothered to reply. (See WIN NEWS 18-2 Spring 1992, Page 46). I recently wrote to Donna Shalala, Secretary of Health and Human Services, and the Surgeon General, about the need to protect immigrant children, but I had no reply so far.

It seems imperative that at the very least Immigration Services should warn African and Middle Eastern immigrants that these mutilations are illegal child abuse - and that Social Services are required to protect children from the mutilations. Congress should require that immigrants are warned that in the US children cannot be mutilated. Sooner or later, a child will die, as has happened in France, unless some preventive measures are taken, and there will be a national outcry.

But this does not take care of the essential actions that must be taken by USAID in Africa to assist initiatives to eradicate FGM and integrate prevention in all family planning programs supported by the US. There are no additional monies involved - but the Policy must be changed - or we shall have to accuse AID and their contractors publicly of supporting the mutilation of female children - which they do by their silence. The time is long overdue to act. All USAID programs in Africa concerned with health and family planning should be required to first of all inform all their own staff about FGM. The terribly damaging results should then be discussed with all Africans who participate in their programs and especially those who are trained in health to teach about the health damage (which often is unknown - especially to men). This requires no special programs and no special staff. All AID health programs and contractors, especially those concerned with family planning, should be required to teach prevention of FGM as part of their contracts and should be required to include comprehension tests about FGM, as they do about family planning.

We urge this Committee to act and to require AID to teach against FGM in all ongoing health and family planning programs in affected countries in Africa and the Middle East (See Map.)

TO SUM UP:

1. We urge this Committee to attach binding requirements for Equal Employment of Women and protection from sexual harassment - including an independent board to adjudicate disputes and complaints - to all funds contributed/donated to United Nations bodies and international institutions, including and especially the World Bank/IMF, the UN Secretariat, WHO, UNICEF, FAO, etc. They should be required to develop affirmative action plans, much like all universities have to in the US.

2. We urge that USAID and their contractors be required to integrate FGM prevention in all their Family Planning and Health Plans and Programs in affected countries in Africa and the Middle East, and that every possible support be provided to local groups in Africa and the Middle East working for the eradication of FGM. We also request that all private organizations working for USAID do likewise and be required to provide surveys of their actions and document results of the effectiveness of their teaching.

Similarly, all funding of family planning organizations, and especially UNFPA (United Nations Population Fund) and IPPF (International Planned Parenthood Federation) should be made subject to a requirement to include teaching the prevention of FGM in all family planning programs in all countries where these mutilations are practiced. IPPF, UNFPA and other family planning organizations to which the US contributes money, must be held accountable and show proof of results of their teaching. We also strongly suggest that all immigrants to the US from FGM affected countries should be informed that these mutilations are unacceptable and a criminal offense.

STATEMENT OF DANIEL WEISS, PRESIDENT, TRANS-PACKERS
SERVICES CORP.

Mr. Chairman, thank you for this opportunity to submit outside witness testimony as you consider FY 1994 funding issues. I am Daniel Weiss, President of Trans-Packers Services Corporation of Brooklyn, New York. My company is a contract packager of food and non-food products for retail, institutions, industrial and military customers. Currently, we produce miniature Tabasco hot pepper sauce bottles and beverage base and powder packets for the Defense Department's Meals, Ready-to-Eat (MRE) program.

We have been a part of the MRE program since its inception, more than ten years ago. MRE's are flexible packages of food and beverage items, designed and packaged to meet strict Defense Department specifications. They provide approximately 1,200 calories per meal, as well as the Surgeon-General's recommended daily allowance of vitamins and minerals. The average shelf life of an MRE is three to seven years, depending upon storage conditions.

I am submitting this testimony in my capacity as Chairman of the Defense Rations Manufacturing Association (DRMA), a small group of companies who assemble or contribute to the completion of the MRE. Most of us are small businesses. Our products have been used frequently by the military, the Federal Emergency Management Agency (FEMA), and Federal entities seeking to provide sustenance to the impoverished and destitute citizens of foreign nations.

Currently, MRE's are being air dropped in Bosnia and being utilized to feed the citizens of Somalia. In domestic disasters, such as Hurricanes Andrew and Iniki, FEMA officials have indicated that MREs are invaluable in providing a source of immediate sustenance.

In view of the upcoming military "build down," and in order to maintain sufficient demand for our product to stay in business at a level that could respond to surge requirements as presented by Operation Desert Storm, we are seeking to identify legitimate domestic and humanitarian assistance uses and needs for MREs in addition to the standard military use.

The Army had recently been procuring 3.1 million cases of MREs (there are 12 meals in a case) annually. This level was just enough to sustain the industry and maintain an industrial base capable of responding to surge situations. During the thawing of the Cold War in Eastern Europe, the Department of Defense "build down" plan called for a reduction in MRE procurement to 1.8 million cases. That level will eliminate at least one of the three prime contractors and approximately four of the subcontractors. Those of us in the industry began to search for constructive ways in which MREs could be utilized outside the military so that the "buy" could be sustained at an annual level of 3.1 million cases, the minimum level required to support the economic base of the industry.

The equipment required to prepare and package the MRE is unique and is not usable for other commercial applications. Consequently, there is no commercial demand for the MRE. The MRE industry is acutely dependent upon MRE procurement levels.

The military demand for this product has subsided, primarily due to the stockpile from the Persian Gulf War, when the government increased its purchase of MREs from 3.1 million cases annually to a level in excess of 2 million cases per month for a brief period of time. We are now seeking constructive alternative needs for our productive capacity in order to maintain our industrial base to meet future surge requirements.

During the FY 1993 appropriations process, we were successful in obtaining statutory language that allows the Federal Emergency Management Agency (FEMA) to store, stockpile or access stocks of surplus MREs for disaster assistance purposes. This language also specified that the Director of FEMA may make available stocks to the Interagency Council on the Homeless for domestic civilian assistance.

Mr. Chairman, House Report 102-585, which accompanied H.R. 5368, the FY 1993 Foreign Operations Appropriations bill, contained language recommending that DoD, the State Department and AID conduct a study in consultation with the industry evaluating the

merits of proposals to utilize MREs for international relief activities. This report was due 120 days from the enactment of the bill. To date, DRMA is unaware of the status of this report, but would welcome the opportunity to participate. We seek your assistance and that of the committee in moving forward on this effort.

Our legislative objectives for FY 1994 include the utilization of MREs for domestic and international food relief, emergency disaster assistance, and the utilization of MREs in the Foreign Military Sales program.

We have learned through reliable focuses within the Defense Department and the State Department that the Defense Department has utilized all of the MREs set aside for purposes of humanitarian assistance. Although the mission of humanitarian assistance has not been established by statute, the DOD role in that regard has evolved due to its access to a ready supply of shelf stable, nutritious, portable food and its ability to mobilize and transport such supplies through the air wings of its service arms.

The U.S. recently has played a critical role in supplying food to those in need in Europe, the Middle East, and Africa. The continuation of that good will gesture through the use of MREs as a component of that effort permits a degree of flexibility in storage and delivery that the other components do not provide. I urge this Subcommittee to weigh in with this Administration in the policy and practical considerations of humanitarian food assistance, and to include as an integral element in that mix the role of the MRE.

We believe that the inclusion of MREs in the Foreign Military Sales program is justified because MREs fit the criteria of material that have been specially designed and developed for defense preparedness and troop field use. Because of these special requirements, the MRE specifications are highly specified and intricately drawn to ensure adequate performance during unique

situations. The Foreign Military Sales program finances the purchase of other highly technical and uniquely designed equipment that have little use outside the military environment.

The members of the Defense Rations Manufacturing Association respectfully request that this Subcommittee; 1) direct the Secretary of Defense to include MREs in the Foreign Military Sales program, 2) mandate that the Agency for International Development (AID) make use of DoD MRE stocks in excess of 3 years of age for international disaster assistance and famine relief programs, and 3) direct that the mandated report required by the Subcommittee in House Report 102-585 on MRE use, be completed as directed in a timely fashion.

Mr. Chairman, thank you for this opportunity to offer testimony. The members of DRMA appreciate your attention to these issues.

STATEMENT OF JOHN H. COSTELLO, PRESIDENT, CITIZENS NETWORK FOR FOREIGN AFFAIRS

I appreciate the opportunity to submit this statement on foreign assistance appropriations for FY 1994.

The Citizens Network for Foreign Affairs is a non-profit public policy and education organization with bipartisan support and leadership which was founded in 1986 to:

- Engage U.S. private sector leaders and policymakers in a dialogue on America's growing stake in promoting global economic growth and democracy, particularly in the developing world and the emerging economies of Eastern Europe and the former Soviet Union;
- Develop a network of leaders in agriculture, agribusiness, banking, industry, and trade that recognizes and supports America's increasing stake in the world economy;
- Create a foreign policy climate in the U.S. that is more responsive to international concerns, and
- Build a stronger and more collaborative partnership between the U.S. public and private sectors -- a partnership which can act effectively to contribute to broadly based, sustainable economic growth and increased trade and investment benefitting the peoples of the U.S. and the emerging economies.

The Citizens Network works to advance the United States' increasing stake in the promotion of sustainable economic growth and democratization around the world through several programs, including:

- **National Policy Roundtable Program** - a national education program to link key local, state, and national public and private sector leaders; to build a grassroots consensus on the U.S.' stake in its relationships with the emerging economies and

democracies; and to engage constituencies not previously involved in "mainstream" foreign policy issues, e.g., minorities, women, and environmental groups, in informed dialogue on the U.S.' role in the global economy, and

- **U.S., Latin America, and The Caribbean Partnership for Mutual Prosperity** - designed to mobilize U.S. public and private sector leaders to develop a partnership for mutual prosperity with Latin America and the Caribbean, and to encourage policy reforms that improve governance and strengthen democratic institutions in the region.

In 1991 The Citizens Network created the **Citizens Network Agribusiness Alliance (CNAA)**. The CNAA is a consortium of over 150 major American agribusinesses, trade associations, farm and commodity organizations, and universities representing the best agriculture infrastructure in the world, and created to respond to the historic events taking place in the New Independent States of the former Soviet Union (NIS).

In September 1992, the CNAA was invited by AID to compete in a Request For Application to engage its agribusiness members' unsurpassed expertise and experience in AID's Food Systems Restructuring initiative. We put together a proposal which brought to bare the unparalleled resources and experience of 24 of America's leading international food and agribusiness companies, and which represented more than 30 years of experience in the former Soviet Union and an aggregate financial investment in the past five years alone of almost \$100 million. Our proposal generated a pool of potential projects valued at more than \$700 million dollars, 70% of which would be directly financed by the American agribusinesses and their NIS joint venture partners.

As a public-private sector partnership between AID and American agriculture and agribusiness, the CNAA represents an unprecedented effort to spark the creative involvement of the American private business sector in support of sustainable international development activities. The CNAA:

- Leverages the creativity, technology and capital resources of American enterprise and American agribusiness;
- Highlights the U.S. economic stake in expanding markets for American business and workers through the development of trade and investment linkages that benefit the economies of both the U.S. and the NIS;
- Supports democratization and market reform in the NIS;
- Directly employs American agribusinesses and enterprises in assisting the peoples of the NIS in the development of sustainable democracies and market-based agriculture economies;
- Engages over 150 American agribusiness and farm organizations committed to providing 200 short-term volunteer technical advisors to Russia and Ukraine from 1993 to 1995 through the Agency for International Development (AID)-funded *Agribusiness Volunteer Program*, and
- Actively involves 30 American agribusinesses working in partnership with A.I.D. to provide an estimated \$200 million dollars of technical assistance and investment at every level of the food chain from 1993-1996 through the AID-funded *Food Systems Restructuring Program*.

The CNAA mobilizes the expertise and human resources of the U.S. agriculture and agribusiness communities to help meet the critical short and long-term needs of the NIS through three major program components:

(1) Food Systems Restructuring Program

- To support the emergence of functioning private food and agriculture sectors in the NIS by catalyzing the constructive involvement of American agribusiness enterprises in the input and output systems of the food systems sector, providing critically needed access to American technology, resources, and know-how from 1993-96;
- To emphasize training, technical assistance, and other efforts designed to develop human resources and strong partnerships with private food and agriculture enterprises in the NIS, and
- To mobilize more than \$150 million in private sector resources to provide technical assistance and investment in food systems development activities in the NIS -- resources augmented by highly leveraged contributions of more than \$44 million from AID.

(2) Agribusiness Volunteer Program

- To provide 200 technical assistance volunteers to emerging private and privatizing food and agribusiness enterprises in Russia and Ukraine from 1993-95 ;
- To build local capacity able to address the critical post-harvest links in the food chain, including retail and wholesale distribution and marketing, food processing/packaging, transportation, storage and handling, and to help overcome critical blockages in the food systems;
- To assist in the creation of democratic and pluralistic participation in Russia and Ukraine through the active and long-term participation of American trade associations, and farm and commodity organizations, and
- To promote long-term trade, investment and partnership linkages between successful American companies and their emerging Russian and Ukrainian counterparts.

(3) Business Centers in Washington, Moscow, and Kiev

- To provide market information and support services to US agribusinesses, facilitating the development of joint ventures and the formulation of agricultural policy.

The CNAA programs in the NIS, and participation in those programs, are firmly based on the following core principles:

- To strongly support the peoples of the NIS as they work to meet critical human needs and build new democratic societies and market-based economies;
- To represent the American people's friendship, generosity, support, and commitment to stand behind their NIS counterparts during the difficult transition to democratic pluralism and market-based economies;
- To work with the peoples of the NIS in a spirit of mutual respect, partnership and understanding;
- To seek the means to solve problems and meet challenges, applying the best of American know-how and technology to the best in the NIS, to build long-lasting and mutually beneficial linkages between nations, societies, and economies;
- To maintain the highest standards of integrity and accountability in personal and business conduct, particularly in the stewardship of U.S. taxpayer funds, and
- To avoid courses of action which may give rise to actual or apparent conflicts of interest.

ROLE OF A PUBLIC-PRIVATE SECTOR PARTNERSHIP FOR DEVELOPMENT

In the post-Cold War world, American foreign assistance can no longer be business as usual. Nowhere in the world today is the United States' security and well-being so clearly tied to events in other nations as it is to the emerging economies and democracies of the NIS. The stakes are higher and it is vital that American foreign assistance succeed. The CNAA's public-private sector partnership is the most efficient, effective, and efficacious foreign assistance response the United States can make to the enormous challenges facing the peoples of the NIS. And it is a win-win-win approach for all the peoples, economies, and countries involved.

A public-private sector partnership like the CNAA Food System Restructuring Program is a win-win-win strategy. The peoples of the NIS win: receiving the type of assistance they want and need: American technology, trade, and long-term investment -- assistance which will in turn promote democracy, economic empowerment, and social and political stability.

American agriculture and agribusiness wins: becoming stronger and more competitive in the global economy vis-à-vis Europe and Japan. American enterprise establishes a long-term presence in the highly lucrative markets of the NIS, not by short-term "hit-and-run" exploitation, but rather by long-term trade and investment of American creativity and capital -- helping the peoples of the NIS help themselves.

Americans are the biggest winners of all, receiving for their highly leveraged tax payer dollars more "technical assistance bang for the buck." And finally, the CNAA's public-private sector foreign assistance partnership in the NIS will draw our countries, economies, and peoples closer together -- encouraging economic growth and creating jobs and economic opportunity on both sides of the ocean.

Increased U.S. trade and investment in the NIS is vital to the long-term objectives of creating mutual economic opportunity and engaging the emerging economies of the NIS in the global economy. A study by the Federal Reserve has identified the link between export growth and investment. The study indicates that more than the value of the dollar, the level of investment spending worldwide determines the level of U.S. exports. The enormous increase in the U.S. trade deficit in the mid-1980s was due not only to the rise of the dollar but also to weakness in investment abroad, especially in developing countries with large foreign debts (*New York Times*, 5/10/92).

The Food Systems Restructuring Program will have lasting impact on the economies and societies of the NIS by providing technical assistance and American know-how to break the bottlenecks in the food chain, and by increasing trade and investment in the NIS. The program addresses the areas of greatest need in the NIS: the post-harvest food system, i.e., storage and handling, processing, distribution, communications, wholesale and retail marketing, banking and credit, and policy reform. The CNAA is one of the implementors of the Food Systems Restructuring Program.

GENERAL VIEWS ON FOREIGN ASSISTANCE REFORM

AID and their NIS Task Force should be commended for designing and implementing innovative programs like the Food Systems Restructuring Program which draw upon and leverage the enormous ability, creativity, technical expertise, and resources of American agribusiness as catalysts for development. The goal of the Food Systems Restructuring Program is daunting: to build from the ground up functioning free market-based food systems in the NIS able to deliver food efficiently and effectively from the farm to the table.

The Administration has supported the concept of a public-private sector approach to foreign assistance. Secretary of State Christopher, during his confirmation hearings said, "In an era in which economic competition is eclipsing ideological rivalry, it is time for diplomacy that seeks to assure access for U.S. businesses to expanding global markets. ... We must organize our foreign policy around the goal of promoting the spread of democracy and markets abroad."

And President Clinton stated, "American jobs and prosperity are reason enough for us to be working at mastering the essentials of the global economy, but far more is at stake. For this new fabric of commerce will also shape global prosperity or the lack of it and with it the prospects of people around the world for democracy, freedom, and peace. ... we need to promote the steady expansion of growth in the developing world, not only because it's in our interest but because it will help them as well."

A public-private sector partnership for development will also respond to the needs for sustainable development which is absolutely essential to democratization. We agree with the assessment of AID Administrator, J. Brian Atwood, that the United States needs a foreign assistance strategy which addresses specific objectives: the environment, population and health, economic growth, and democracy. We recognize that foreign assistance will have many mandates: to have long-term impact, to respond to regional conflicts and natural disasters, to promote democracy, to help countries recovering from anarchy and rebuilding after war.

The CNAA programs in the NIS will address the objectives and mandates as outlined by Administrator Atwood by:

- Building local capacity able to address the critical post-harvest links in the food chain, including retail and wholesale distribution and marketing, food processing/packaging, transportation, storage and handling, and to help overcome critical blockages in the food systems;
- Assisting in the creation of democratic and pluralistic participation in Russia and Ukraine through the active and long-term participation of American trade associations, and farm and commodity organizations, and
- Promoting long-term trade, investment and partnership linkages between successful American companies and their emerging Russian and Ukrainian counterparts.

A public-private sector collaborative partnership for trade, investment, and development is the best foreign assistance policy for America in the post-Cold War world. It is best for the peoples of the emerging democracies and economies of the NIS, it is best for American agriculture and enterprise, and it is best for the American people.

We therefore urge the Committee to support AID's efforts to design innovative foreign assistance programs, address development in novel ways, and engage the private sector in development programs not only in the NIS but around the world.

RECOMMENDATIONS ON FY 94 APPROPRIATIONS

1. We ask that the Committee recognize the historic significance and limitless possibilities of a public-private sector model as a means to engage private enterprise in foreign assistance, a model which can be expanded to address other areas besides agriculture, such as transportation, infrastructure, pharmaceuticals and health, and defense conversion. And we feel that the American people will strongly support a public-private sector partnership because it will help create democracy and free-market economies in the NIS, promote economic growth and opportunity on both sides of the ocean, and better position American enterprise in the global economy.

2. We recommend that the Committee allocate new funds for additional work in agribusiness lending for the NIS. NIS enterprises often cite a lack of funds for start-up, inputs, and equipment as a major impediment to food systems development. This is an area which warrants greater emphasis and more technical assistance programs.
3. We encourage the Committee to support a reverse Farmer-to-Farmer program to enable qualified agriculture and agribusiness experts from Russia and Ukraine to come to farms, agribusinesses, trade associations, farm organizations, and universities in the United States for additional technical assistance and training. The staff and resources needed to identify participants is already in place, and many of our CNAA members have already expressed the urgent need for such a bilateral exchange.
4. In Latin America, new considerations, i.e., the environment, labor concerns, intellectual property rights, and others, now play roles that are as important to development as traditional trade concerns. These new aspects of world trade relations strongly suggest that foreign assistance policies need to be revised in order to meet these concerns and also equip recipient countries to adjust to these new circumstances.

Trade integration is sweeping the American continent and countries are scrambling to form regional trade pacts. Ambitious schedules of tariff reduction have promoted intra-regional trade. The new openings have sparked huge increases in trade with the United States benefitting as the prime exporter to Latin America. We need to continue creating partnerships which promote mutual economic growth.

We encourage the Committee to support a public-private sector partnership development approach in Latin America, joint involvement in programs aimed at promoting democracy and mutual economic growth and establishing environmental and health standards.

5. We ask the Committee to support the application of a public-private sector partnership development strategy to other sectors and in other countries; further engaging the private sector, creating economic opportunity, positioning American enterprise at the forefront of global development and growth.

Thank you for the opportunity to present our views to the Committee.

STATEMENT OF WILLIAM DUNKERLEY, PUBLISHING CONSULTANT

My name is William Dunkerley. I am a publishing consultant from New Britain, CT, and I have recently worked with publishers from Eastern Europe and the former Soviet Union. I am introducing this testimony because of my deep concern about the current priorities for assisting the former Soviet Union.

I have observed there is an abundance of rhetoric about aiding the fledgling democracy, providing support for democratic institutions, and wanting to see the Russian people establish a free market system of enterprise.

So I expected that the print media would be considered a really high priority, because they are, after all, requisite to an open democratic society. In fact, there is no democratic society which does not also enjoy a free and independent press. Especially in Russia today, the news and information offered by newspapers and magazines are necessary for citizens to make informed political decisions. The survival of publishing as an industry has an economic dimension, as well. It is by selling advertising space and subscriptions that publications become truly independent and free of external control. By carrying

advertisements, publications also disseminate information about products and services. This allows citizens to make economic decisions in an economy trying to rid itself of wasteful monopolistic structures.

In a closed, communist society, political and economic choices were not only unnecessary from the viewpoint of the government; these kinds of choices were quite undesirable. In a democratic society with a free market economy, however, making intelligent political and economic choices is essential. Without responsible, informed choice there is no democracy, no free market. Newspapers and magazines are at the core of the development of a democracy and a free market economy.

When President Clinton met Boris Yeltsin in Canada last Spring, I had high hopes that the President would finally fund exactly the training in Western business and marketing strategies and techniques the Russians need so desperately. Imagine my chagrin to find tens of millions of dollars earmarked for citizen exchanges and student university programs; and only \$2 million set aside to provide training for media personnel in entrepreneurial skills! And this was for both the print and broadcast media!

During the events of August, 1991, in Moscow, and in the subsequent months, it was the print media which kept people best informed about the unfolding circumstances. The print media is, after all, the institution which facilitates an exchange of news and ideas. It further provides a forum for learning about products and services. Publishing -- itself a democratic institution, the bastion of free speech -- not only contributes directly to the development of a democracy, but also encourages exactly the free market environment that we want to help the Russians establish.

The same techniques I teach American publishers are crucial for Russian publishers to acquire, as well. But when I try to talk about a plan to teach Russian publishers Western entrepreneurial skills, the government funding agencies have been so far unable to help. They are funding programs to teach journalistic ethics, investigative reporting, desktop publishing skills, etc. One media project I heard about was to teach people at a government-supported television station in Russia some innovative camera angles. In short, although they address inarguably important media issues, they are nevertheless providing everything but the business and marketing strategies and techniques so desperately needed by Russian publishers to keep their enterprises from going bankrupt.

Much of our American efforts on behalf of Russian publications are somewhat misdirected on such items of secondary priority. No one would argue the benefits of journalistic skills, ethics, etc. Who would refuse to teach a student? Certainly not I. Nor would I suggest that such programs not be funded at some appropriate time in the future, but I would hope we could precede them with the mandatory entrepreneurial training that is urgently needed right now.

The fact is, unless we teach the publishing people who now hold managerial positions at existing or start-up publications how to keep their enterprises viable and financially independent, they will fail. And no amount of ethics training or camera skills will prevent that. I envision the U.S.-trained Russian journalists, with their impeccable skills, standing in the unemployment line. Their publications couldn't make a go of it in a free market.

First we must give Russian publishers the methodology for keeping their businesses afloat during the transition from a command to a market economy. Then we can refine the skills of the employees. The media in Russia must learn to support themselves through their own commercial activities. Russian publishers don't know how to do that effectively. For decades they have relied on government budgets and subsidies. What do you suppose was the effect of that on their journalistic ethics?

In a democracy, the media must be free and independent: that means independent in a financial sense, first and foremost.

Yet Russian publishers have no entrepreneurial experience. They do not, for example, control the distribution of their own newspapers and magazines. (A government monopoly is in charge of that.) Therefore, Russian publishers have no subscriber lists. How can they develop subscription renewal techniques? How can they attract advertisers, who want documented proof of subscriber demographics and psychographics? How can we discuss direct marketing strategies with someone who does not know who is reading his publication?

Further, all these areas are interrelated. You can't discuss marketing without discussing distribution. You can't discuss advertising without asking about the subscribers.

How do you set advertising rates for international clients (to get the hard currency so badly needed), when the ruble remains inconvertible? Or any advertising rates at all when inflation is running in double figures per month?

There is an area of some sensitivity that emerges here, as well. When I first started working with a Russian publisher last Fall, he countered all my suggestions with, "that wouldn't work in Russia," "you can't get people to do that in Moscow," "that isn't how we do it." It wasn't until after we visited American publications that were indeed doing all those "impossible" things, that he began to see possible applications and adaptations that were in fact eminently possible in Russia.

What I realized I was dealing with was a feeling of a lack of empowerment on the part of my Russian colleague. In retrospect, that should not have surprised me. This man had come of age in an authoritarian society with a command economy. There had always been only one way of doing business!

Does that mean that a few more journalist exchanges will take care of the problem? If only it were so simple! For the American counterparts will not generally anticipate the needs of the Russian observers. Americans working at successful publications are skilled in operating a business, not in diagnosing and addressing the unique problems such as I have experienced in the Russian economy, monetary system and infrastructure.

Just bringing Russian interns here and saying, look, this is how we do it, won't help. They face problems and obstacles there, some of which I have already mentioned, which we simply don't face here.

Nor can we just go to Moscow and say, these are our marketing/distribution/advertising strategies and this is how we use them.

Either approach would be irrelevant.

We must be prepared to adapt our strategies to a country that faces problems Americans do not normally encounter in doing business. Problems such as the extent of the development of the banking industry, rampant inflation, uncertain but continuing government control of some areas such as distribution of the print media, the state of the communications infrastructure of the country all need to be addressed creatively -- and jointly -- with our Russian colleagues.

Furthermore, we should not just solve this or that problem and then walk away. We will be woefully remiss if we do not provide the Russian publishing community with continuing, on-going support and problem-solving as they attempt to integrate our entrepreneurial techniques into the day-to-day challenge of doing business in their volatile economic climate.

Remember the adage about fishing. If you give a man a fish, he can eat for a day. If you teach him how to fish, he can feed himself for the rest of his life.

Don't hand out fish! Provide programs that first of all are practical. Counteract the everyday barriers and hurdles before you approach the philosophical details and idealistic rhetoric. Secondly, plan now for continuing that support for the duration.

I recommend that we adopt the following type of response:

1. Develop a one- or two-week workshop for publishers about a free market economy, particularly as it relates to the roles of newspapers, magazines, and advertising. We will introduce and define broad business topics of professional media management, such as competition, advertising, market positioning, and subscription sales. Publishers would also develop their own business plan for their respective publications.

2. Bring those Russian publishers to our country for a 3-month program of training, internship, and consultation. During that time, immerse the interns in the business culture of our market economy. Participants would engage in refining their business plans and working on a media kit for their publications.

We will provide the interns with an in-depth analysis of each phase of the sales presentation: penetrating the screen, the probe, presenting the feature/benefit statements, the close, handling resistance. Here we would include practice with sales calls and offer site visits. We will introduce strategies for dealing with competition.

3. Work with the publishers to foster a sense of personal empowerment and to develop an entrepreneurial spirit. Here we would attempt to reconcile American marketing techniques and strategies with the unique conditions existing in Russia today. For example, how do you set subscription rates or advertising rates in an economy plagued by monthly double-digit inflation? How do we address the current limitations of the banking industry? When do we purchase inventory, given the inflation rate as well as rising costs of goods and overhead? What do we do about rising postal rates? Just how do we by-pass the government's distribution system?

4. Develop a plan to provide on-going support, trouble-shooting and alternate methodologies to the publishers after their return to Russia, until their publications are viable, independent and self-supporting.

The transition from a command to a free market economy will be difficult. It will not happen overnight. Russians are finding

that it was easier to break free from communism than it is to break even in a business sense. We need to help our Russian colleagues with this change, and see them successfully through it. Not only does the future of the publishing industry depend on it, but also the success of the Russian democracy.

Thank you for this opportunity to testify. If you have any questions, please do not hesitate to call on me. I will be happy to be of service to you in any way that I can.

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